



San Neng Group Holdings Co., LTD.

2025 Annual Report

Notice to readers

This English-version annual report is a summary translation of the Chinese version and is not an official document of the shareholders' meeting. If there is any discrepancy between the English and Chinese versions, the Chinese version shall prevail.

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Taiwan Stock Exchange Market Observation Post System: <http://mops.twse.com.tw>

Corporate website: <https://www.sannenggroup.com/>

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7. List of Directors

| Job title | Name | Nationality | Main experience |
|-------------|-----------------|-------------|--|
| Chairperson | Chang, Jui-Jung | ROC | Chairperson, San Neng Group Holdings Co., Ltd. |
| Director | Hsieh, Shun-Ho | ROC | Chairperson, SINMAG Equipment Corporation |
| Director | Chen, Lai-Chun | ROC | Supervisor, San Neng Bakeware Corporation |
| Director | Tsai, Feng-Lung | ROC | Director, San Neng Bakeware Corporation |
| Director | Hsiao, Kai-Feng | ROC | CEO, San Neng Group Holdings Co., Ltd. |
| Director | Chang, Chih-Hao | ROC | Marketing Center Director, San Neng Group Holdings Co., Ltd. |

| | | | |
|----------------------|-----------------|-----|---|
| Independent Director | Huang, Chen-Yen | ROC | Senior Engineer MIRDC, Metal Industries |
| Independent Director | Shih, Kuen-Ho | ROC | Director, China Grain Products Research & Development Institute |
| Independent Director | Chen, Shuei-Jin | ROC | Professional CPA and Managing Partner, Yuen Sheng CPA Firm |

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San Neng Group Holdings Co., LTD.

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1. Letter to Shareholders

Ladies and Gentlemen,

The summary of the Company's 2025 annual operating performance and 2026 outlook is as follows:

1.1. 2025 Business Report

1.1.1. Business plan implementation results: comparison of operating results (consolidated profit and loss)

Unit: Thousand NTD

| | 2025 | 2024 | Increase (decrease) ratio (%) |
|-----------------------------------|-----------|-----------|-------------------------------|
| Operating revenue | 1,996,591 | 2,039,422 | (2.10) |
| Operating costs | 1,237,210 | 1,268,217 | (2.44) |
| Gross profit | 759,381 | 771,205 | (1.53) |
| Operating expenses | 564,289 | 551,199 | 2.37 |
| Profit from operations | 195,092 | 220,006 | (11.32) |
| Non-operating income and expenses | 16,930 | 37,012 | (54.26) |
| Profit before income tax | 212,022 | 257,018 | (17.51) |
| Net profit for the year | 149,840 | 196,898 | (23.90) |

1.1.2. Budget execution

The Company did not publicly disclose any financial forecasts for 2025.

1.1.3. Analysis of financial revenues and expenditures and analysis of profitability (consolidated statements):

| Item | | 2025 | 2024 | |
|------------------------------|---|----------------------|--------|-------|
| Financial structure analysis | Debt to asset ratio (%) | 20.73 | 22.99 | |
| | Ratio of long-term capital to property, plant and equipment (%) | 218.85 | 220.08 | |
| Solvency analysis | Current ratio (%) | 295.47 | 252.46 | |
| | Quick ratio (%) | 221.79 | 180.70 | |
| Profitability analysis | Return on total assets (%) | 6.63 | 8.76 | |
| | Return on stockholders' equity (%) | 8.35 | 11.20 | |
| | Ratio to paid-in capital | Operating income (%) | 32.11 | 36.21 |
| | | Pre-tax income (%) | 34.90 | 42.30 |
| | Profit ratio (%) | 7.50 | 9.65 | |
| Earnings per share (NT\$) | 2.37 | 3.18 | | |

1.1.4. Research and development status

In order to ensure competitiveness in the field of baking equipment, the Group continues to launch new products in addition to pursuing continuous advances in product design and manufacturing process improvements. In 2025, the Group invested a total of NT\$ 89,876 thousand in R&D, which accounted for 4.50% of the operating revenue. This represents a 4.43% decrease compared to NT\$94,041 thousand in 2024. The R&D expenditure is regarding materials/products testing, technology, and development of more diversified and innovative quality products. This was

done so as to fully satisfy various customer needs while continuing to expand the product market share and bolster the competitive advantages of our brand. In 2025, the Company has been consistently enhancing our product designs and refining our production technologies. This includes the introduction of innovative products and technologies such as the Improvement of Round-Bar Baking Tray Mould, Flip-Over Trolley, Development of Front-of-House Product Series, Implementation and Application of Laser Color Engraving Machine, and the Implementation of AI Design Software. As of the publication date of this Annual Report, the number of patents obtained and under application are 190 and 25 by the Group, 8 more than that of last year, implying that our R&D capacity will wield significant influence on future product development and applications as well as market sales.

1.2. Summary of the 2026 Business Plan

1.2.1. Business Strategy

While we anticipated a faster economic rebound in 2025, which was the third year of the post-pandemic era, the external landscape remained challenging due to global political and economic instability. This ongoing volatility tempered the prosperity we had expected to see after two years of social adjustment. Despite the dedicated efforts of our entire staff, the Company's 2025 operating performance saw a slight decline compared to 2024.

The San Neng Group has been deeply involved in the baking appliance industry for years and has always adhered to the business philosophy of "professionalism, integrity and innovation." With the following group mission, vision and purpose, it has continued to promote various business policies and formulate various business plans as the basis for the operations of the Group and its subsidiaries. The Group has thus accumulated its competitiveness over the years that many other peers in the baking appliance industry cannot easily surpass.

Group mission: to become a promoter of cookware safety, environmental protection, energy conservation and carbon reduction.

Group vision: to become a leading brand of cookware in Asia with professionalism, services and trust.

Group purpose: to improve baking technology in Asia and co-create a baking ecosystem.

In response to the rapidly changing macroeconomic conditions, the Company continues to uphold its principal operational strategy since 2024: market segmentation, local adaptation, and ongoing innovation. The approach involves broadening the distribution of sales channels, modifying the structure of these channels, and bolstering sustainable business growth. At the same time, carry out detailed planning and implementation of global ESG issues, with an operating goal in 2026 to improve the Company's market competitiveness, maintain the existing customers, develop new markets and new customers, expand sales and seize a larger market share.

(1) Expand the deployment of sales channels

In the past, the Company's main sales channels included both direct industrial customers and distributors. Apart from continuously consolidating the original sales channels, the Company will expand online blogs, sharing collaboration platforms and social networks (such as Facebook, Instagram, Weibo, MEWE and TIKTOK) and other self-media means to develop the market its products in 2026. Since 2023, a specialized supervisor has been appointed for the catering equipment sector to foster a more structured growth of the catering market, the chain cafe market, the outdoor activity products (such as camping and barbecue) and promote its products actively through large chains and co-branding with baking celebrities.

Meanwhile, the Company will continue to promote online sales by harnessing the Company's existing e-commerce advantages. In addition to traditional e-commerce distributors, sales will also be conducted through five stores operated by its sub-subsidiary, Wuxi Squires Kitchen Trading Co., LTD., to further expand online sales. Squires also aims to leverage the existing e-commerce

operating team to operate products on behalf of upstream and downstream customers to increase service revenues, increase the number of fans and viewers, and improve the added value of the website.

(2) Improve the competitiveness of products

Since the later stages of the pandemic, there has been a continuous increase in global raw material prices. Coupled with the rising awareness of labor protection in various countries, personnel costs have been steadily increasing. This has led to a significant increase in the production costs for businesses. In light of current trends, our company has actively begun to promote production automation, rational product design, and streamlined manufacturing processes since 2024. By improving equipment and simplifying processes, we aim to enhance product quality and increase production efficiency without compromising product quality. This approach is expected to reduce product costs and optimize manufacturing costs, thereby continuously improving the market competitiveness of our products.

(3) Strengthen sustainable operations and development

In recent years, due to the global climate change, the rising sea level caused by the greenhouse effect, the COVID-19 epidemic at the end of 2019 and other environmental and social issues, people have started to think about how to coexist with the natural environment. Enterprises have also started to think about how to fulfill their corporate social responsibilities and how to protect the earth to achieve sustainable operations while taking into account the growth of revenues and profits. Therefore, enterprises must start to learn how to implement ESG and reduce the impact of risks in the ever changing business environment. In August 2021, at the 10th meeting of the third board of directors of the Group, the Company approved the establishment of the "Sustainable Development Management" unit in the CEO's Office, and appointed a competent corporate governance director as the dedicated unit for ESG promotion, so as to promote various sustainable development activities of the Group and its subsidiaries. Therefore, the sustainable operation and development of the Company will be reflected in the following aspects:

① Develop flock fiber products and antibacterial products:

The use of sawdust powders, oyster shell powders, coffee grounds and other recycled materials are added to plastic products, to reduce the use of plastic materials by 30% to 50%, which can significantly reduce the consumption of plastic materials. This series of products was launched to the market, and has garnered a positive reception from attendees at various domestic and international trade shows. Meanwhile, due to the cost of the global economy and society caused by the raging COVID-19, the Company also actively develops antibacterial baking appliances, to meet the needs in the post-epidemic era, so that consumers can use them at ease and eat happily.

② Designing Longer-lasting Products:

In light of the impending inflation and escalating expenses, to save the purchase costs of customers and the time taken by the replacement of production lines, the Company is also actively developing more durable materials and coatings to extend product lifespan and achieve the more efficient use of resources.

③ Promote the non-stick re-processing business:

To be specific, an old baking appliance used by a customer will go through an environment-friendly non-stick coating removal process, to remove the expired non-stick coating and dirt on the original product. Then the non-stick re-processing will be carried out as needed by the customer, to ensure the same non-stick effect as that of a new product. Following ongoing enhancements to The Company's recycling technology over the past two years, we have achieved significant advancements in both quality and cost-effectiveness, thereby providing our customers with superior conditions. This underscores our dedication to promoting a circular economy. This can reflect the spirit of circular economy, and at the same time, it can save the customer the cost of repurchasing a new product. When the overall business environment is not good, it will undoubtedly give customers a new choice that is both

environment-friendly and cost-saving.

④ Continued Promotion of Energy Saving and Carbon Reduction Project:

Net-zero carbon emissions have become an international trend, with countries and regions beginning to require its incorporation into business operating standards gradually. As of early 2025, over 130 to 150 countries worldwide have already declared or planned to achieve net-zero or carbon neutrality targets. Most of these goals are set for 2050, covering approximately 80% of the global population and greenhouse gas emissions. While over 90% of nations have pledged to achieve this target by 2050, the number of countries that have moved into the stage of substantive legislation remains relatively low. Taiwan has also pledged to reach net zero emissions by 2050. Taiwan, where a key subsidiary of the Company is located, has announced that it will achieve net-zero carbon emissions in 2050, while mainland China has announced that it will achieve carbon peaking in 2030 and carbon neutrality in 2060. Therefore, the Company established the “ESG (environment) Promotion Project” in 2022 to promote various energy savings and carbon reduction measures. We have successfully acquired the required certifications for our energy management and carbon inventory and verification processes. We are committed to adhering to the regulatory standards set by the appropriate authorities in the regions where our subsidiary companies operate, within the set deadline and reduce the Company's operating risks in order to achieve the goal of sustainable operations.

⑤ Actively Developing PFAS-Free Coatings:

In view of the U.S. Environmental Protection Agency's (EPA) revision and reinstatement of the Important New Use Rule (SNUR) as of July 2020—which prohibits the import into the United States of items with certain long-chain PFAS as surface coatings without EPA review—and the European Union's proposal announced on February 7, 2023, banning PFAS in various products including textiles, apparel, carpets, furniture, cookware, food packaging, firefighting foams, lubricants, medical devices, and ski wax. The European Chemicals Agency set to fully implement the regulation by 2025, and five countries—Denmark, Germany, Norway, Sweden, and the Netherlands—will enforce the ban under their respective regulations. The company has commenced the development of PFAS-free coatings in an effort to align with global trends in environmental protection and food safety.

1.2.2. Expected Sales Volume and Its Basis

The Company's main products are various baking appliances. In recent years, in addition to entering the sector of small baking appliances and baking materials, it has also strengthened the development of the cookware market and outdoor market. Beginning in 2022, we plan to intensify our strategic collaboration with industry counterparts to bolster our e-commerce operational proficiency. This initiative will involve assisting Taiwanese firms' suppliers of raw materials and equipment in setting up their flagship stores. Additionally, we will pursue operational outsourcing partnerships. This cooperative approach will not only augment our profit margins but also elevate the visibility of our industry colleagues' brands and products across the digital landscape, thereby broadening our online customer base.

The Company's expected sales volume in 2026 is estimated based on the historical growth trends of the overall market in the respective regions of each subsidiary within the Group. In addition to the expected sales volume growth of the original market and customers in 2026, the Company will also take into account the product development plan in 2026, to sequentially optimize its existing products, launch new products, expand new market and at the same time integrate upstream and downstream enterprises in the bakery industry to build a strategic alliance. Meanwhile, the Company will launch joint marketing through bakers and cultural creative channels. These sales modes are expected to create further growth in e-commerce sales business.

In 2026, we expand the product offerings and sales channels for the new brands launched in recent years—“SANNENG OUTDOOR” for outdoor products, “SANNENG HOME” for household items, and “SANNENG INDUSTRY” for industrial products. We anticipate that these efforts will contribute more significantly to the Group's sales. Sanneng Japan has introduced Japanese

technicians to Taiwan for technical guidance and expanded its raw material exports to the Taiwan market, thereby increasing its export revenue. In Indonesia, Sanneng Indonesia is working closely with local partners to localize production by leveraging local resources. This strategy aims to reduce costs and enhance price competitiveness. Simultaneously, Sanneng Indonesia is collaborating with more schools to increase brand exposure and facilitate the expansion of its market presence in Indonesia.

Looking ahead to 2026, the Company will increase its e-commerce advertising investment on the Tmall platform to attract new users. To engage entry-level home bakers, we are launching a range of starter baking moulds, with the goal of increasing our market share from the current 8%–10% to over 12%. Meanwhile, since last year, JD.com has also expanded its resources in the home baking market, investing RMB 4 million to boost platform visibility. In March 2026, we invited over 30 leading kitchenware brands to discuss growth strategies for the coming year. Furthermore, Sanneng is introducing a series of sales incentive policies for the coming year. These include a 'New Product Proposal Bonus' to encourage innovative product concepts, as well as a 'New Customer Development Bonus' to further expand our customer base and drive revenue growth, while continuing to cultivate our existing market presence.

1.2.3. Production and Sales Strategies

- (1) By upgrading automated production equipment and introducing smart manufacture, the Company will increase production performance and efficiency, and reduce labor costs, in order to solve the problem of difficult employment of direct labor in the workplace.
- (2) By enhancing the accuracy of sales forecast via IT competences and coordinating production planning and scheduling in line with procurement policy, the efficiency of inventory management can be enhanced and stock out frequency will be reduced.
- (3) Analyze the cost advantages of each subsidiary. The Company consolidates group production resources by leveraging manufacturing bases in China, Taiwan, and Indonesia to efficiently execute the division of labor between production and sales.
- (4) Each subsidiary continuously strengthens production planning and scheduling and, by adhering to the sales forecast, improve the efficiency of inventory management and reduce the stockout frequency.
- (5) Enhance the capability to propose to centralized bakeries, partner with ingredient suppliers to propose products and services. Pair with mould sales to provide a diversified product portfolio, including sales, mould design, cleaning supplies, reprocessing services, technician team services. At the same time, through diagnostic services, observe the production process of customer factories to give product and production process improvement recommendations to reduce costs and increase efficiency, thereby enhancing customer trust.
- (6) Increase the market share of online sales, enhance brand competitiveness through online course sales, ingredient pairing sales, co-branded product sales, livestreaming sales, and optimizing platform content. Assist ecommerce distributors to develop customized and exclusive products to increase profit margins through product differentiation and customer group differentiation. Collaborate with top online oven brands to attract shared fan traffic and increase product sales.
- (7) In response to the gradual increase in labor costs in the bakery market and the expanding demand for frozen dough, the Company intends to collaborate with existing majors to develop baking trays and related products for frozen dough.
- (8) In response to the continued rise in electricity costs in recent years, we are actively advocating for and steadily developing energy-efficient products and developed to assist upstream and downstream operators to reduce baking costs and increase production, thus reducing energy consumption that is also conducive to environmental protection.
- (9) Foster industry alliances and cross-industry alliances to increase the added value of brands and

new distribution channels through co-branding, co-hosting events and livestream promotions across various distribution channels.

- (10) Enhancing the professional expertise of students, teachers, and distributors can be achieved through a focus on education and training in areas such as products, materials, coatings, and food safety. This can be accomplished by partnering with professional organizations to deliver joint education and training initiatives. This approach will not only strengthen the educational and training capabilities of schools and teachers but also enhance the knowledge base of our distributors. Furthermore, it is crucial to effectively communicate the Company's mission and ensure the supply of safe and healthy baking tools.
- (11) Deepen presence in Southeast Asian markets. The Company promotes its brand and products through on-site demonstrations and workshops at baking schools and with professional chefs, while interacting with local distributors. At the same time, we strengthen customer loyalty with centralized bakeries through diagnostic services.
- (12) In response to the needs of China's mid-range and entry-level industrial clients, the Company has launched products under the SNI (SANNENG INDUSTRY) brand. These products are specifically designed to meet the price and quality expectations of this customer segment. This strategic initiative is intended to increase market penetration and enhance sales.
- (13) Introducing the SANNENG HOME brand, we are devoted to broadening our reach in the home baking market. Furthermore, we are dedicated to the development of kitchenware, storage, and cleaning products that meet the demands of the domestic market.

1.3. Future corporate development strategy:

- 1.3.1. Continue to develop high value-added products to enrich the new Sanneng Premium product line, so that bakers, chefs and high-end consumers can recognize the new brand. Design and develop products through the users' point of view, and leverage the new brand as an entry point into the future for expansion into kitchen appliances.
- 1.3.2. Promote the new brand SANNENG OUTDOOR to leverage SANNENG's 40+ years of expertise in metal manufacturing and surface treatment to enter the camping market with cookware, drinkware, tables, chairs, and lighting products, while establishing a new market with the brand concept: "Wherever your heart is, there is home."
- 1.3.3. Actively work with industry, government, academia, and research institutes to develop environmentally friendly, non-polluting and food-safe surface coatings.
- 1.3.4. Integrate upstream and downstream resources related to the bakeware industry and internationally renowned brands through strategic alliances and mergers and acquisitions at the appropriate time in order to expand the Company's business scope and scale.

1.4. Impacts from External Competition, Laws and Regulations, and Macroeconomic Factors

1.4.1. Impacts from External Competition

The bakeware industry is a relatively mature traditional industry, and the capital threshold is not high. Therefore, many competitors have arisen in recent years and especially in mainland China. Nonetheless, the Company has been deeply engaged in Taiwan, China, and Southeast Asia for many years and it has a complete distribution system, a complete series of product lines, and brand awareness. In addition, the Company has its own finishing plant that can meet customers' needs for product anode, dura mater and no-stick. This has been coupled with the benefits of automated production introduced in recent years, as well as upgraded R&D of innovative products and continuous investment in technology R&D power and service quality. We have been applying for and obtaining patents for our products and technology from around the world. Always adhering to the business philosophy of "integrity, professionalism, and innovation," together these strengths allow the Company to continually provide customers with products and services of the highest quality irrespective of changes in market conditions and customer demands. All these efforts are

aimed at better meeting the overall needs of customers and becoming the best partner in the baking industry. Therefore, the Company will still be ahead of competitors in the bakeware industry for the foreseeable future. Additionally, The Company's third production facility established in Indonesia, is set to commence mass production in the Q3 of 2025. This will further contribute to expanding our operational market, diversifying risks, and reducing regional competition

1.4.2. Impacts from Laws and Regulations

The Company is registered in the Cayman Islands, and mainly operates in Taiwan and the People's Republic of China. The Cayman Islands mainly engages in financial services, whereas Taiwan is an area where decrees, laws and regulations are very transparent and the jurisdiction system is sound; meanwhile, the People's Republic of China is now a member of the ASEAN–China Free Trade Area. China's economy has gradually opened up in recent years, and its legal regulations have gradually become aligned with international counterparts and achieved increased transparency for the sake of greater internationalization. In recent years, therefore, China has been gradually and more specifically revising its laws and regulations regarding food safety, intellectual property rights, environmental protection, and consumer protection. Always adhering to the business philosophy of integrity, the Company has been continuously implementing legal compliance; and it has adjusted, where necessary, its products, systems, and operating procedures to be in line with legal and regulatory changes. This is done so as to ensure compliance with updates to laws and regulations in the People's Republic of China

The Company and its subsidiaries implement their business in accordance with critical local policies and the laws and regulations of the countries in which they are located. They pay attention to important policy trends and to changes in in both domestic and overseas laws. In case any changes occur, relevant consultation occurs with lawyers, accountants, or related responsible authorities. These parties might also be commissioned to assess and plan response measures in order to effect a timely response to changes in the market environment and to undertake responsive measures. In the most recent year and through the date of publication of this Annual Report, there was no significant impact on the Company's finances or business due to changes in important policies and laws in the Cayman Islands, Taiwan, or the People's Republic of China.

1.4.3. Impacts from the Macroeconomic Environment

- (1) The Company's subsidiaries and sub-subsidiaries primarily focus on the domestic markets of their respective countries or regions. Sales and collections are mainly conducted in local currencies, and procurement and expense payments are also predominantly made in local currencies. As a result, the exposure to foreign currencies is minimal, and the impact of exchange rate fluctuations on overall profitability is limited, thus posing a low exchange rate risk.
- (2) The Company's debts are not high. The total liabilities was 466,850 thousand NT dollars in 2025. The interest-bearing financial institution liabilities amounted to NT\$98,679 thousand (21.14% of total liabilities), slightly decreasing from NT\$139,792 thousand (25.99% of total liabilities) in 2024. The debt ratio dipped to 20.73% from 22.99% in 2024; it remains at a low debt level. In addition, the rate expected to fall, the impact of any interest rate change on profitability is not large and interest rate risk is not high.
- (3) In response to labor shortages and rising wages around the world, the Group has introduced automated equipment and optimization of operating procedures. This has reduced its dependence on labor, improved production and operational efficiency, and reduced personnel costs.
- (4) Southeast Asian emerging markets and China's third- and fourth-tier cities are conspicuous in terms of their continuous population growth and increasing national income, factors that have direct impact on the baking industry. Therefore, these areas will be the key markets for future development.

Chairperson: Chang, Jui-Jung

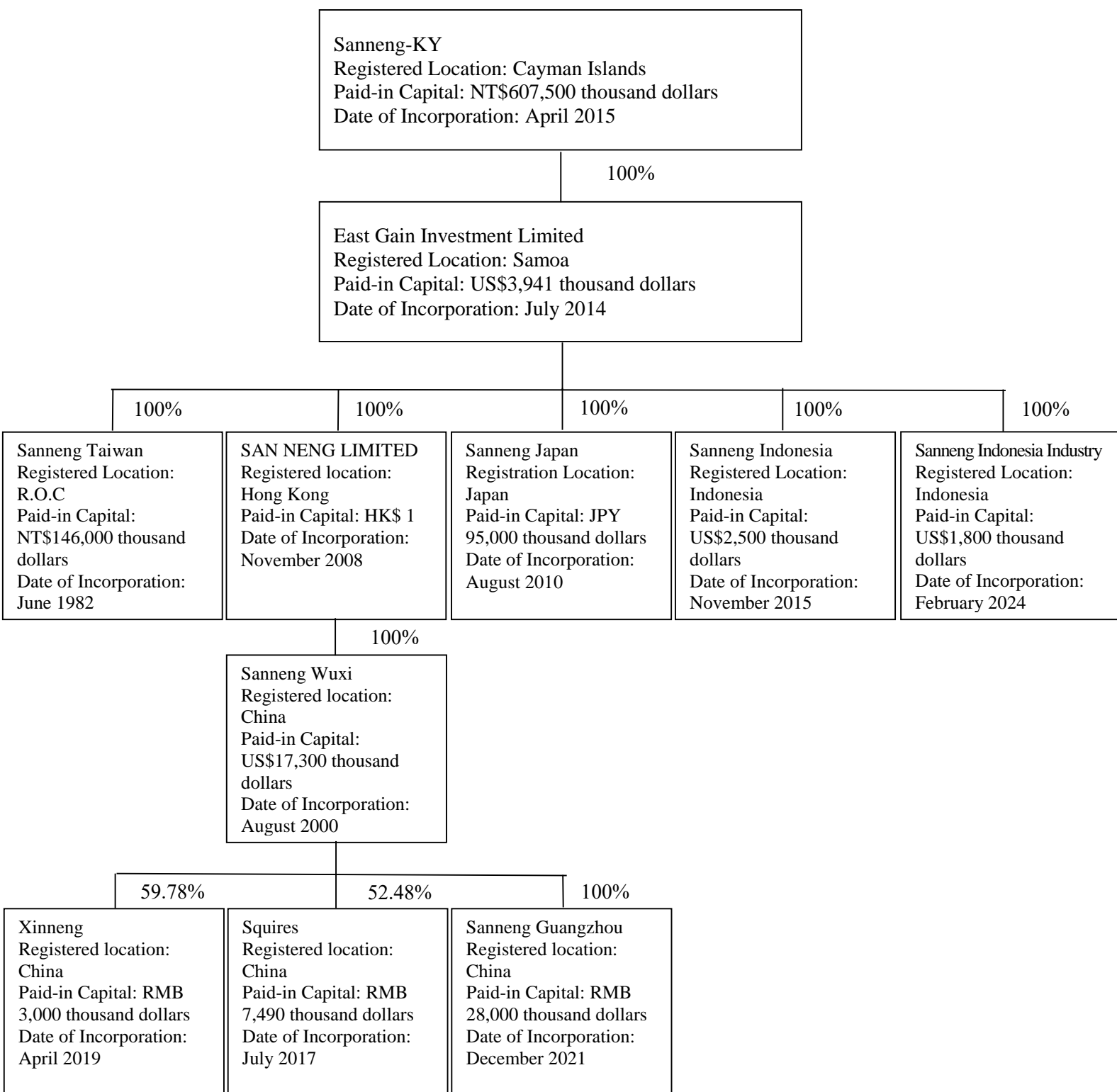
2. Company Profile

2.1. Date of founding and overview of the Group

San Neng Group Holdings Co., Ltd. (hereinafter, “the Company”/”Sanneng-KY”) was established on April 29, 2015 as an overseas holding company that was originally registered in the British Cayman Islands. In 2016, the Group completed the restructuring of its investment structure and included within the Group the following companies: San Neng Bakeware Corporation (hereinafter, “Sanneng Taiwan”), which was established in Taiwan; Sanneng Bakeware (Wuxi) Co., Ltd. in China (hereinafter, “Sanneng Wuxi”); and Sanneng Japan Bake Ware Co, Ltd. (hereinafter, “Sanneng Japan”). The Group also established PT. San Neng Bakeware Indonesia (hereinafter, “Sanneng Indonesia”) in Jakarta, Indonesia in 2015. Sanneng Wuxi invested in Wuxi Squires Kitchen Trading Co., LTD. (formerly called Squires Kitchen Sugarcraft (Wuxi) Co., Ltd., hereinafter Squires), Xinneng Bakeware (Wuxi) Co., Ltd. (hereinafter Xinneng) and Sanneng Bakeware (Guangzhou) Co., Ltd. (hereinafter, “Sanneng Guangzhou”) respectively in July, 2017, April, 2019 and December, 2021. PT. Sanneng Asia Industry Indonesia (hereinafter, “Sanneng Indonesia Industry”) was established in Solo City, Central Java Province, Indonesia in March, 2024. Among these, Sanneng Taiwan, Sanneng Wuxi, Sanneng Japan, Sanneng Indonesia and Sanneng Indonesia Industry are 100% wholly-owned subsidiaries of the Company. Squires is a 52.48%-owned subsidiary of Sanneng Wuxi and specializes in e-commerce. Xinneng is a 59.78%-owned subsidiary of Sanneng Wuxi, whose main business activities are manufacturing and sale of bakeware. Sanneng Guangzhou is a 100%-owned subsidiary of Sanneng Wuxi, whose main business activitie is selling for bakeware. Sanneng Taiwan and Sanneng Wuxi are the main operating companies of the Company, and their business activities include research and development, as well as manufacturing and sale of various professional baking utensils and equipment. At present, the operating model is based on sales of our own brands, and besides the early "SANNENG" brand there has also been expansion to the commercial market (B to B), focusing on channels such as bakery chains, central kitchens, hotelier, ingredient stores, and cooking utensil retailers. The rise of the household market has been supported by several factors including national incomes across the Asian region, the increasing popularity of weekend time off, and an increasing emphasis on food safety issues. In response, the Company created our second "UNOPAN" brand in 2013 to develop the home baking ware and utensil market (B to C). In 2024, the Company launch three brands: "SANNENG OUTDOOR", "SANNENG HOME", and "SANNENG INDUSTRY", targeting the outdoor, home, and industrial markets. We have also been representing well-known domestic and foreign baking-related brands to offer a complete product line and meet the diverse needs of customers.

2.2. Structure of the Company

As of April 30, 2026



2.3. Assessment of Risks

Please refer to 6. Discussion and Analysis of Financial Standing and Financial Performance and Risks of this annual report.

3. Corporate Governance

3.1. Background Information on Directors, General Managers, Vice General Managers, Assistant General Managers and Heads of Various Departments and Branches

3.1.1. Board Directors' names, education and work experience, shareholdings and nature thereof:

(1) Board Directors' Information

April 19, 2026; Unit: Thousand shares; %

| Title | Nationality | Name | Gender Age | Date Elected | Term (Years) | Date First Elected | Shareholding when Elected | | Current Shareholding | | Spouse & Minor Shareholding | | Shareholding by Nominee Arrangement | | Education and Professional Qualification Worked Experiences | Selected Current Positions at the Company and Other Companies | Executives, Directors or Supervisors Who are Spouses or within Two Degrees of Kinship | | | Note |
|-------------|-------------|-----------------|------------|--------------|--------------|--------------------|---------------------------|------|----------------------|------|-----------------------------|------|-------------------------------------|------|---|--|---|-----------------|---------------------|------|
| | | | | | | | Shares | % | Shares | % | Shares | % | Shares | % | | | Title | Name | Relation | |
| Chairperson | R.O.C | Chang, Jui-Jung | Male 71~75 | 2023.6.20 | 3 | 2016.4.30 | 498 | 0.82 | 581 (Note1) | 0.96 | - | - | 3,603 (Note1) | 5.93 | Education and Professional Qualification Asia University College of Management EMBA Program Worked Experiences General Manager, Sanneng Taiwan General Manager, Sanneng Wuxi Chairperson, Sanneng Japan Director, SINMAG Equipment Corporation | Chairperson, EGI Chairperson, Sanneng Hong Kong Chairperson, Sanneng Wuxi Chairperson, Sanneng Indonesia Chairperson, Sanneng Indonesia Industry Chairperson, Jui Jung International Limited | Director and Marketing Center Director | Chang, Chih-Hao | Father and son | - |
| | | | | | | | | | | | | | | | | | Management Center Director | Chang, Hsin-Yi | Father and daughter | - |
| Director | R.O.C | Hsieh, Shun-Ho | Male 71~75 | 2023.6.20 | 3 | 2017.7.25 | - | - | - | - | 154 | 0.25 | 4,062 (Note2) | 6.69 | Education and Professional Qualification Tung Hai Senior High School Worked Experiences General Manager, Sheng Chia Industrial Co., Ltd. Director, Sheng Chia Investment Co., Ltd CEO, SINMAG Equipment Corporation General Manager, SINMAG Equipment (China) Co., Ltd. | Director, Sanneng Taiwan Director, Sanneng Indonesia Director, Sanneng Indonesia Industry Chairperson and General Manager, Sinmag equipment Corporation Chairperson, Sinmag Equipment (China) Co., Ltd. Chairperson, Sinmag Fitting Corporation | - | - | - | - |

| Title | Nationality | Name | Gender Age | Date Elected | Term (Years) | Date First Elected | Shareholding when Elected | | Current Shareholding | | Spouse & Minor Shareholding | | Shareholding by Nominee Arrangement | | Education and Professional Qualification Worked Experiences | Selected Current Positions at the Company and Other Companies | Executives, Directors or Supervisors Who are Spouses or within Two Degrees of Kinship | | | Note |
|----------|-------------|-----------------|--------------|--------------|--------------|--------------------|---------------------------|------|----------------------|------|-----------------------------|------|-------------------------------------|------|---|---|---|---|-------|------|
| | | | | | | | Shares | % | Shares | % | Shares | % | Shares | % | | | Shares | % | Title | |
| | | | | | | | | | | | | | | | Director, Sanneng Wuxi | Chairperson, SINMAG BAKERY MACHINE INDIA PRIVATE LIMITED Chairperson, SINMAG BAKERY EQUIPMENT SDN. BHD Chairperson, Greater Win Holdings Limited Chairperson, Ximai Enterprises Management (Wuxi) Co., Ltd. Chairperson, SINMAG LIMITED Chairperson, LUCKY UNION LIMITED | | | | |
| Director | R.O.C | Chen, Lai-Chun | Female 60-65 | 2023.6.20 | 3 | 2017.7.25 | - | - | - | - | - | - | 2,892 (Note3) | 4.76 | Education and Professional Qualification Shin Min High School Worked Experiences General Manager, Sanneng Taiwan General Manager, Sanneng Wuxi | Supervisor, Sanneng Taiwan Supervisor, Sanneng Wuxi Supervisor, Sanneng Japan Chairperson, Beauty Joy Holdings Limited | - | - | - | - |
| Director | R.O.C | Tsai, Feng-Lung | Male 56-60 | 2023.6.20 | 3 | 2017.7.25 | 100 | 0.16 | 100 (Note4) | 0.16 | 1,009 | 1.66 | 1,659 (Note4) | 2.73 | Education and Professional Qualification Youth Senior High School Worked Experiences Vice Director of Technology R&D Center, The Company Vice General Manager, Sanneng Taiwan | Director, Sanneng Taiwan Chairperson, Feng Lung International Limited | - | - | - | - |
| Director | R.O.C | Hsiao, Kai-Feng | Male 56-60 | 2023.6.20 | 3 | 2023.6.20 | 116 | 0.19 | 116 | 0.19 | - | - | - | - | Education and Professional Qualification MBA Program, National Chung Cheng University | CEO, the Company. Director, Sanneng Wuxi Chairperson, Sanneng Japan Supervisor, Sanneng Indonesia | - | - | - | - |

| Title | Nationality | Name | Gender Age | Date Elected | Term (Years) | Date First Elected | Shareholding when Elected | | Current Shareholding | | Spouse & Minor Shareholding | | Shareholding by Nominee Arrangement | | Education and Professional Qualification Worked Experiences | Selected Current Positions at the Company and Other Companies | Executives, Directors or Supervisors Who are Spouses or within Two Degrees of Kinship | | | Note |
|----------------------|-------------|-----------------|------------|--------------|--------------|--------------------|---------------------------|------|----------------------|------|-----------------------------|---|-------------------------------------|------|--|--|---|--------------------|----------------|------|
| | | | | | | | Shares | % | Shares | % | Shares | % | Shares | % | | | Shares | % | Title | |
| | | | | | | | | | | | | | | | Worked Experiences CFO, CAE, Special Assistant to the General Manager, Chin Fong Machine Industrial Co., Ltd. Chairperson, Chen Xin Biotechnologies Co., Ltd. Supervisor and Director, SINMAG Equipment Corporation Special Assistant to the General Manager, Vice General Manager, Your Choice Fasteners & Tools Co., Ltd. | Supervisor, Sanneng Indonesia Industry Supervisor, Your Choice Fasteners & Tools Co., Ltd. Supervisor, Xinneng Director, Squires Director, Sanneng Guangzhou | | | | |
| Director | R.O.C | Chang, Chih-Hao | Male 41~45 | 2023.6.20 | 3 | 2020.6.19 | 312 | 0.51 | 421 (Note5) | 0.69 | - | - | 2,921 (Note5) | 4.81 | Education and Professional Qualification Master Degree in Business Administration, Asia University Worked Experiences Manager of International Trade and Special Assistant to the General Manger, Sanneng Taiwan Deputy Director of Marketing, Sanneng Wuxi Deputy Director of Technology R&D, Sanneng Wuxi | Marketing Center Director, The Company Director, Sanneng Japan Chairperson and General Manager, Squires Chairperson, Xinneng Chairperson, Uniware International Limited Chairperson, Sanneng Guangzhou Director, Sanneng Wuxi Special Assistant to the chairperson and Management assistant general manager, Sanneng Wuxi | Chairperson | Chang, Jui-Jung | Father and son | - |
| | | | | | | | | | | | | | | | | Management Center Director | Chang, Hsin-Yi | Sister and Brother | - | |
| Independent Director | R.O.C | Huang, Chen-Yen | Male 81~85 | 2023.6.20 | 3 | 2017.7.25 | - | - | - | - | - | - | - | - | Education and Professional Qualification Department of Business Management, Feng Chia University Worked Experiences | | | | | |

| Title | Nationality | Name | Gender Age | Date Elected | Term (Years) | Date First Elected | Shareholding when Elected | | Current Shareholding | | Spouse & Minor Shareholding | | Shareholding by Nominee Arrangement | | Education and Professional Qualification Worked Experiences | Selected Current Positions at the Company and Other Companies | Executives, Directors or Supervisors Who are Spouses or within Two Degrees of Kinship | | | Note |
|----------------------|-------------|-----------------|------------|--------------|--------------|--------------------|---------------------------|---|----------------------|---|-----------------------------|---|-------------------------------------|---|--|--|---|---|-------|------|
| | | | | | | | Shares | % | Shares | % | Shares | % | Shares | % | | | Shares | % | Title | |
| | | | | | | | | | | | | | | | Senior Engineer MIRDC, Metal Industries Research & Development Centre Vice Manager, Tai Yi Textiles Knitting Co., Ltd. Assistant Manager, Ming Chou Industrial Co., Ltd. | | | | | |
| Independent Director | R.O.C | Chen, Shuei-Jin | Male 56-60 | 2023.6.20 | 3 | 2017.7.25 | - | - | - | - | - | - | - | - | Education and Professional Qualification Department of Accounting, Soochow University MBA Program, National Chung Cheng University Worked Experiences Professional CPA, Deloitte & Touche | Professional CPA and Managing Partner, Yuen Sheng CPA Firm Independent Director and Remuneration Committee member, Cheng Shin Rubber Ind. Co., Ltd. Independent Director and Remuneration Committee member, Merida Industry Co., Ltd Supervisor, LINCO Technology Co., Ltd. Independent Director and Remuneration Committee member, Acelon Chemicals & Fiber Co., Ltd. Director, Taiwan Paiho Limited | - | - | - | - |
| Independent Director | R.O.C | Shih, Kuen-Ho | Male 56-60 | 2023.6.20 | 3 | 2023.6.20 | - | - | - | - | - | - | - | - | Education and Professional Qualification Master Degree in Agricultural Chemistry, National Taiwan University Worked Experiences Instructor, chief, deputy director, China Grain Products Research & Development Institute Researcher in Lucky Enterprise Co. | President and Director, China Grain Products Research & Development Institute Director, Total Quality Food Association Supervisor, Taiwan Vanilla Co., Ltd. | - | - | - | - |

| Title | Nationality | Name | Gender Age | Date Elected | Term (Years) | Date First Elected | Shareholding when Elected | | Current Shareholding | | Spouse & Minor Shareholding | | Shareholding by Nominee Arrangement | | Education and Professional Qualification Worked Experiences | Selected Current Positions at the Company and Other Companies | Executives, Directors or Supervisors Who are Spouses or within Two Degrees of Kinship | | | Note |
|-------|-------------|------|------------|--------------|--------------|--------------------|---------------------------|---|----------------------|---|-----------------------------|---|-------------------------------------|--|---|---|---|---|-------|------|
| | | | | | | | Shares | % | Shares | % | Shares | % | Shares | % | | | Shares | % | Title | |
| | | | | | | | | | | | | | | Secretary General, Taiwan Association for Food Science and Technology Chairperson, Taiwan Association for Food Science and Technology | | | | | | |

Note 1: The chairperson of the Board, Chang, Jui-Jung, owns 100% of Jui Jung International Limited which holds 3,603 thousand shares of the Company, and directly holds 581 thousand shares, for a total of 6.89% of the shares of the Company.

Note 2: Board Director, Hsieh, Shun-Ho, owns 100% of Greater Win Holdings Limited which holds 4,062 thousand shares of the Company, for a total of 6.69% of the shares of the Company.

Note 3: Board Director, Chen, Lai-Chun, owns 100% of Beauty Joy Holdings Limited which holds 2,892 thousand shares of the Company, for a total of 4.76% of the shares of the Company.

Note 4: Board Director, Tsai, Feng-Lung, owns 100% of Feng Lung International Limited which holds 1,659 thousand shares of the Company, and directly holds 100 thousand shares, for a total of 2.89% of the shares of the Company.

Note 5: Board Director, Chang, Chih-Hao, owns 100% of Uniware International Limited which holds 2,921 thousand shares of the Company, and directly holds 421 thousand shares, for a total of 5.50% of the shares of the Company.

Note 6: San Neng Group Holdings Co., LTD. (hereinafter referred to as San Neng Group or the Company), East Gain Investment Limited(hereinafter referred to as EGI), SAN NENG LIMITED (hereinafter referred to as Sanneng Hong Kong), Sanneng Bakeware Corporation (hereinafter referred to as Sanneng Taiwan), Sanneng Bakeware (Wuxi) Co., Ltd. (hereinafter referred to as Sanneng Wuxi), Sanneng Japan Bake Ware Co., Ltd. (hereinafter referred to as Sanneng Japan), PT. San Neng Bakeware Indonesia (hereinafter referred to as Sanneng Indonesia), Wuxi Squires Kitchen Trading Co., LTD. (hereinafter referred to as Squires), Xinneng Bakeware (Wuxi) Co., Ltd. (hereinafter referred to as Xinneng), Sanneng Bakeware (Guangzhou) Co., Ltd. (hereinafter referred to as Sanneng Guangzhou), PT. Sanneng Asia Industry Indonesia (hereinafter referred to as Sanneng Indonesia Industry).

(2) Names of entities for institutional directors which are major shareholders (within the top 10 shareholders) and their percentage of shareholdings: None.

(3) Board Directors' Information

① Directors' professional qualification and independent directors' status of independence

| Name | Criteria | Professional Qualification and Experience | Directors' Independence Status | Number of Taiwanese Companies Serving as an Independent Director | Other Public Companies Concurrently Serving as an Independent Director |
|-----------------|----------|--|--------------------------------|---|--|
| Chang, Jui-Jung | | For Directors' professional qualification and experience, please refer to pages 10-14 of this Annual Report. | Not Applicable | 0 | |
| Hsieh, Shun-Ho | | | | 0 | |
| Chen, Lai-Chun | | | | 0 | |
| Tsai, Feng-Lung | | | | 0 | |
| Hsiao, Kai-Feng | | | | 0 | |
| Chang, Chih-Hao | | | | 0 | |
| Huang, Chen-Yen | | | | None of the Directors has been in or is under any circumstances stated in Article 30 of the Company Law. (Note 1) | All of the following situations apply to each and every of the Independent Directors: 1.Satisfy the requirements of Article 14-2 of "Securities and Exchange Act" and "Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies" (Note 2) issued by Taiwan's Securities and Futures Bureau 2.Received no compensation or benefits for providing commercial, legal, financial, accounting services or consultation to the Company or to any its affiliates within the preceding two years, and the service provided is either an "audit service" or a "non-audit service" |
| Chen, Shuei-Jin | | 3 | | | |
| Shih, Kuen-Ho | | 0 | | | |

Note 1: A person shall not act in a management capacity for a company, and if so appointed, must be immediately discharged if they have been:

1. Convicted for a violation of the Statutes for the Prevention of Organizational Crimes and: has not started serving the sentence; has not completed serving the sentence; or five years have not elapsed since completion of serving the sentence, expiration of probation, or pardon;
2. Convicted for fraud, breach of trust or misappropriation, with imprisonment for a term of more than one year, and: has not started serving the sentence; has not completed serving the sentence; or two years have not elapsed since completion of serving the sentence, expiration of probation, or pardon;
3. Convicted for violation of the Anti-Corruption Act, and: has not started serving the sentence; has not completed serving the sentence; or two years have not elapsed since completion of serving the sentence, expiration of probation, or pardon;
4. Adjudicated bankrupt or adjudicated to commence a liquidation process by a court, and having not been reinstated to his or her rights and privileges;
5. Sanctioned for unlawful use of credit instruments, and the term of such sanction has not expired yet;
6. If she/he does not have any or limited legal capacity; or
7. If she/he has been adjudicated to require legal guardianship and such requirement has not been revoked yet.

Note 2: 1. Not a governmental, juridical person or its representative as defined in Article 27 of the Company Law.

2. Not serving concurrently as an independent director on more than three other public companies in total.

3. During the two years before being elected and during the term of office, meet any of the following situations:

- (1) Not an employee of the company or any of its affiliates;
- (2) Not a director or supervisor of the company or any of its affiliates;
- (3) Not a natural-person shareholder who holds shares, together with those held by the person's spouse, minor children, or held by the person under others' names, in an aggregate amount of one percent or more of the total number of issued shares of the company or ranks as one of its top ten shareholders;
- (4) Not a spouse, relative within the second degree of kinship, or lineal relative within the third degree of kinship, of any of the officer in the preceding (1) subparagraph, or of any of the above persons in the preceding subparagraphs (2) and (3);
- (5) Not a director, supervisor, or employee of a corporate/institutional shareholder that directly holds five percent or more of the total number of issued shares of the company, ranks as of its top five shareholders, or has representative director(s) serving on the company's board based on Article 27 of the Company Law;
- (6) Not a director, supervisor, or employee of a company of which the majority of board seats or voting shares is controlled by a company that also controls the same of the company;
- (7) Not a director, supervisor, or employee of a company of which the chairperson or CEO (or equivalent) themselves or their spouse also serve as the company's chairperson or CEO (or equivalent);
- (8) Not a director, supervisor, officer, or shareholder holding five percent or more of the shares of a specified company or institution that has a financial or business relationship with the company; and
- (9) Other than serving as a remuneration committee member of the company, not a professional individual who, or an owner, partner, director, supervisor, or officer of a sole proprietorship, partnership, company, or institution that, provides commercial, legal, financial, accounting services or consultation to the company or to any affiliate of the company, or a spouse thereof, and the service provided is an "audit service" or a "non-audit service which total compensation within the recent two years exceeds NT\$500,000".

② Diversification and Independence of Board of Directors:

A. Diversification of Board of Directors:

- a. In light of the increasing diversity of the responsibilities of the Board of Directors and in order to continue the balanced development of business operations, enhance operational performance and management efficiency, the Company has formulated the "Corporate Governance Best Practice Principles" in the third meeting convened by the 1st term of the Board of Directors on July 25, 2017. On Article 20, Chapter III "Strengthening Board Functions" of the Principles, the diversification objective in nominating directors has been specified. The Company evaluates the eligibility of the Board members from various dimensions and aspects which include but not limited to gender, age, culture and academic backgrounds, race, professional experience, technique and knowledge or field of work. All Board appointments are based on meritocracy, and candidates will be considered objectively, having due regard for the benefits of diversity on the Board.

The nomination and selection of members of the Board of Directors of our Company are conducted in accordance with the provisions of the Company's Articles of Association and using a candidate nomination system. In addition to assessing the qualifications and experience of each candidate, we also consider the views of stakeholders and adhere to "the Procedures for Election of Directors and Supervisors" and "the Corporate Governance Best Practice Principles" to ensure the diversity and independence of the board members.

- b. Among the Company's 9 Board members in the 4th term of the Board of Directors, 6 of whom are general directors. One of the general directors, Chen, Lai-Chun, is female and is equipped with bakeware management experiences as well as expertise in financial and accounting management. Other directors who are equipped with management experiences and bakeware industry knowledge include Hsieh, Shun-Ho and Chang, Chih-Hao; directors who are equipped with bakeware management and professional knowledge include Chang, Jui-Jung, Tsai, Feng-Lung, Hsiao, Kai-Feng, and Chang, Chih-Hao. Director Hsieh, Shun-Ho is familiar with professional baking material knowledge, while

Chang, Jui-Jung, Tsai, Feng-Lung, and Hsieh, Shun-Ho are all knowledgeable on professional production quality and R&D. The Company's three independent directors all come from different fields and expertise. In particular, independent director Huang, Chen-Yen is skilled in production management and quality system; Chen, Shuei-Jin has a professional CPA license and is proficient in financial accounting and business laws; while independent director Shih, Kuen-Ho serves on the board of the China Grain Products Research & Development Institute. His past roles include serving as a member and evaluator for the Baking Food Vocational Examination Committee, and as a judge for both national and international bread competitions. His comprehensive understanding of the baking industry has allowed him to establish professional networks and accumulate experience across all facets of the industry, from production to distribution. Additionally, he has provided mentorship to a significant number of baking professionals and business owners in Taiwan. The three independent directors have made significant contributions to the Company whether in terms of manufacturing quality system, financial and accounting legal compliance, and industry development trends.

The diversity of the Board members' industrial experience, professional expertise and academic backgrounds allow them to provide professional advice from a variety of aspects, which greatly enhances the business management of the Company.

- c. The ratio of directors who concurrently serve as employees of the Company is 22%; the ratio of independent directors to all directors is 33%; while the ratio of female directors is 11%. The Company will focus more on achieving gender balance in the composition of the Board of Directors. In the next board election, we plan to increase the number of female directors to achieve a more balanced gender ratio. We have already begun the process of identifying suitable candidates and will proceed with the selection through the relevant procedures in due course.

It can be seen from the table below that the core of diversity of the Board of Directors consists of two major components, which are industry experience and professional expertise. The industry-specific experience includes experiences in areas of baking ingredients, baking equipment, baking tools, and baking products; while the professional expertise includes accounting and finance, law, production quality and quality, and technical R&D. The Company has an even distribution across all of the aforementioned aspects, showing implementation diversity in the Board's composition.

| Diversification Title Name | Gender | Staff | Age | | | | | Seniority as An Independent Director of the Company | | | Baking Equipment | Baking Tools | Baking Ingredients | Baking Product | Accounting and Finance | Law | Production Quality | R&D |
|--------------------------------------|--------|-------|-----|---------|---------|---------|-------|---|-------|----|------------------|--------------|--------------------|----------------|------------------------|-----|--------------------|-----|
| | | | <50 | 50 60 | 61 70 | 71 80 | 81 up | <3 | 3 9 | >9 | | | | | | | | |
| Director Chang, Jui-Jung | Male | | | | | V | | | | | V | | | | | V | V | |
| Director Hsieh, Shun-Ho | Male | | | | | V | | | | V | | V | | | | V | V | |
| Director Chen, Lai-Chun | Female | | | | V | | | | | | V | | | V | | | | |
| Director Tsai, Feng-Lung | Male | | | V | | | | | | | V | | | | | V | V | |
| Director Hsiao, Kai-Feng | Male | V | | V | | | | | | V | V | | V | V | V | | | |
| Director Chang, Chih-Hao | Male | V | V | | | | | | | V | V | | V | | | | | |
| Independent Director Chen, Shuei-Jin | Male | | | V | | | | | V | | | | | V | V | | | |
| Independent Director Huang, Chen-Yen | Male | | | | | | V | | V | V | | | | | | V | | |
| Independent Director Shih, Kuen-Ho | Male | | | | V | | | V | | V | V | V | V | | | | V | |

B. Independence of Board of Directors:

- a. The nomination and election of members of the Company's Board of Directors is conducted in accordance with the Articles of Association, wherein a candidate nomination system is adopted. In addition to the evaluation of the education background and work experience of candidates, stakeholders' opinions are also taken into consideration in accordance with "Procedures for Election of Directors" and "Corporate Governance Best Practice Principles", in order to ensure the diversity and independence of members of the Board of Directors.
- b. There are a total of 9 members on the current board of directors of the Company, of which 3 are independent directors, accounting for 33%. As of the end of 2025, all independent directors met the regulations set by the Securities and Futures Bureau, Financial Supervisory Commission regarding independent directors, and there were no situations described in Article 26-3, Paragraphs 3 and 4 of the Securities and Exchange Act between directors and independent directors. For disclosure on the professional qualifications and independence of the board of directors, please refer to page 15 of this annual report under section "Directors' Professional Qualification and Independent Directors Status of Independence". For information on the directors' education, gender, and work experience, please refer to pages 10-14 of this annual report under section "Board Directors' Information".
- c. The chairperson and the president or person of an equivalent post (the highest-level manager) of the Company are the same person, spouse, or relative within the first degree of kinship: None.

3.1.2. General Manager, Vice General Manager, Assistant General Managers, and Heads of various branch organizations

April 19, 2026; Unit: Thousand shares, %

| Title | Nationality | Name | Gender | Date Effective | Shareholding | | Spouse & Minor Shareholding | | Shareholding by Nominee Arrangement | | Experience (Education) | Other Position | Managers who are Spouses or Within Two Degrees of Kinship | | | Note |
|--------------------------------|-------------|-----------------|--------|----------------|--------------|------|-----------------------------|---|-------------------------------------|---|---|--|---|------|----------|------|
| | | | | | Shares | % | Shares | % | Shares | % | | | Title | Name | Relation | |
| CEO (General Manager) | R.O.C. | Hsiao, Kai-Feng | Male | 2016.4.30 | 116 | 0.19 | - | - | - | - | <p>Education and Professional Qualification MBA Program, National Chung Cheng University</p> <p>Worked Experiences CFO, CAE, Special Assistant to the General Manager, Chin Fong Machine Industrial Co., Ltd. Chairperson, Chen Xin Biotechnologies Co., Ltd. Supervisor and Director, SINMAG Equipment Corporation Special Assistant to the General Manager, Vice General Manager, Your Choice Fasteners & Tools Co., Ltd.</p> | Director, the Company Director, Sanneng Wuxi Chairperson, Sanneng Japan Supervisor, Sanneng Indonesia Supervisor, Sanneng Indonesia Industry Supervisor, Your Choice Fasteners & Tools Co., Ltd. Supervisor, Xinneng Director, Squires Director, Sanneng Guangzhou | - | - | - | - |
| Technology R&D Center Director | R.O.C. | Hsu, Ching-Ho | Male | 2019.4.1 | 21 | 0.03 | - | - | - | - | <p>Education and Professional Qualification Master's degree, Graduate Institute of Business Management, National Chung Cheng University</p> <p>Worked Experiences Asst. Manager for the Quality Assurance Department, Factory Manager, Marketing Manager, R&D Assistant General Manager, Chin Fong Machine Industrial Co., Ltd. Vice General Manager, Your Choice Fasteners & Tools Co., Ltd. Vice General Manager, Turvo International Co., Ltd. Factory Manager, ALFOT Technologies Co., Ltd.</p> | General Manager, Sanneng Indonesia General Manager, Sanneng Indonesia Industry | - | - | - | - |

| Title | Nationality | Name | Gender | Date Effective | Shareholding | | Spouse & Minor Shareholding | | Shareholding by Nominee Arrangement | | Experience (Education) | Other Position | Managers who are Spouses or Within Two Degrees of Kinship | | | Note |
|----------------------------|-------------|-----------------|--------|----------------|--------------|------|-----------------------------|---|-------------------------------------|------|---|---|---|-----------------|--------------------|------|
| | | | | | Shares | % | Shares | % | Shares | % | | | Title | Name | Relation | |
| Marketing Center Director | R.O.C. | Chang, Chih-Hao | Male | 2016.9.1 | 421 (Note) | 0.69 | - | - | 2,921 (Note) | 4.81 | Education and Professional Qualification Master Degree in Business Administration, Asia University Worked Experiences Manager of International Trade and Special Assistant to the General Manger, Sanneng Taiwan Deputy Director of Marketing, Sanneng Wuxi Deputy Director of Technology R&D, Sanneng Wuxi | Director, the Company Director, Sanneng Japan Chairperson and General Manager, Squires Chairperson, Xinneng Chairperson, Uniware International Limited Chairperson, Sanneng Guangzhou Director, Sanneng Wuxi Special Assistant to the Chairperson and Management assistant general manager, Sanneng Wuxi | Management Center Director | Chang, Hsin-Yi | Sister and Brother | - |
| Management Center Director | R.O.C. | Chang, Hsin-Yi | Female | 2024.1.1 | 1,403 | 2.31 | - | - | - | - | Education and Professional Qualification Department of Business Administration, National Taichung University of Science and Technology Worked Experiences Chairperson, Sanneng Taiwan General Manger, Sanneng Taiwan | Chairperson and General Manager, Sanneng Taiwan Director, Xinneng Supervisor, Sanneng Guangzhou Chairperson, lanware International Limited | Marketing Center Director | Chang, Chih-Hao | Sister and Brother | - |
| Chief Audit Executive | R.O.C. | Lai, Shih-Tung | Male | 2016.4.30 | - | - | - | - | - | - | Master's degree, Graduate Institute of Finance, National Chung Cheng University Finance Department Manager, Chin Fong Machine Industrial Co., Ltd. Vice General Manager of Finance, Forworld Electronics Co., Ltd. Vice General Manager, Kunshan Factory, Chang Yee Steel Co., Ltd. Special Assistant to the Chairperson, Wei Sheng Industrial Co., Ltd. Special Assistant to the Chairperson, UJEN Dev. Co., Ltd. | - | - | - | - | - |

Note: Chang, Chih-Hao, owns 100% of Uniware International Limited, which holds 2,921 thousand shares of the Company, and directly holds 421 thousand shares, for a total of 5.50% of the shares of the Company.

Table of Remuneration Range for Directors

| Range of Remuneration Paid to Each Director | Name of Director | | | |
|---|--|--|--|--|
| | Total of (A+B+C+D) | | Total of (A+B+C+D+E+F+G) | |
| | The company | Companies in the consolidated financial statements | The company | Companies in the consolidated financial statements |
| NT\$ 0 ~ NT\$ 999,999 | Hsieh, Shun-Ho, Chen, Lai-Chun, Tsai, Feng-Lung, Chang, Chih-Hao, Hsiao, Kai-Feng, Huang, Chen-Yen, Chen, Shuei-Jin, Shih, Kuen-Ho | Hsieh, Shun-Ho, Chen, Lai-Chun, Tsai, Feng-Lung, Chang, Chih-Hao, Hsiao, Kai-Feng, Huang, Chen-Yen, Chen, Shuei-Jin, Shih, Kuen-Ho | Hsieh, Shun-Ho, Chen, Lai-Chun, Tsai, Feng-Lung, Huang, Chen-Yen, Chen, Shuei-Jin, Shih, Kuen-Ho | Hsieh, Shun-Ho, Chen, Lai-Chun, Tsai, Feng-Lung, Huang, Chen-Yen, Chen, Shuei-Jin, Shih, Kuen-Ho |
| NT\$1,000,000 ~ NT\$1,999,999 | - | - | - | - |
| NT\$2,000,000 ~ NT\$3,499,999 | - | - | Chang Chih-Hao | - |
| NT\$3,500,000 ~ NT\$4,999,999 | - | - | Hsiao, Kai-Feng | Chang, Chih-Hao Hsiao, Kai-Feng |
| NT\$5,000,000 ~ NT\$9,999,999 | Chang, Jui-Jung | Chang, Jui-Jung | Chang, Jui-Jung | Chang, Jui-Jung |
| NT\$10,000,000 ~ NT\$14,999,999 | - | - | - | - |
| NT\$15,000,000 ~ NT\$29,999,999 | - | - | - | - |
| NT\$30,000,000 ~ NT\$49,999,999 | - | - | - | - |
| NT\$50,000,000 ~ NT\$99,999,999 | - | - | - | - |
| Over NT\$100,000,000 | - | - | - | - |
| Total | 9 | 9 | 9 | 9 |

3.2.2. Remuneration paid to the General Manager and Vice General Manager in the most recent fiscal year (2025)

Unit: NT\$ thousands

| Title | Name | Salary(A) | | Severance Pay (B) | | Bonuses and Allowances (C) | | Employee Compensation (D) | | | | Ratio of total compensation (A+B+C+D) to net income (%) | | Compensation Received from Non-consolidated Affiliates or Parent Company |
|--------------------------------|-----------------|-------------|--|-------------------|--|----------------------------|--|---------------------------|-------|--|-------|---|--|--|
| | | The company | Companies in the consolidated financial statements | The company | Companies in the consolidated financial statements | The company | Companies in the consolidated financial statements | The company | | Companies in the consolidated financial statements | | The company | Companies in the consolidated financial statements | |
| | | | | | | | | Cash | Stock | Cash | Stock | | | |
| CEO | Hsiao, Kai-Feng | 1,927 | 2,750 | - | - | 320 | 407 | 1,285 | - | 1,285 | - | 3,532 2.45% | 4,442 3.09% | - |
| Marketing Center Director | Chang, Chih-Hao | 1,289 | 2,463 | - | - | 215 | 302 | 521 | - | 786 | - | 2,025 1.41% | 3,551 2.47% | - |
| Technology R&D Center Director | Hsu, Ching-Ho | 999 | 2,367 | - | - | 142 | 262 | 777 | - | 777 | - | 1,918 1.33% | 3,406 2.37% | - |
| Management Center Director | Chang, Hsin-Yi | - | 2,044 | - | - | 0 | 308 | 645 | - | 777 | - | 645 0.45% | 3,129 2.17% | - |

Table of range of remuneration

| Range of Remuneration Paid to the General Managers and Vice General Managers of the Company | Names of General Managers and Vice General Managers | |
|---|---|--|
| | The company | Companies in the consolidated financial statements |
| NT\$ 000000000 ~ NT\$ 0999,999 | Chang, Hsin-Yi | - |
| NT\$ 01,000,000 ~ NT\$ 01,999,999 | Hsu, Ching-Ho | - |
| NT\$ 02,000,000 ~ NT\$ 03,499,999 | Chang, Chih-Hao | Chang, Hsin-Yi Hsu, Ching-Ho |
| NT\$ 03,500,000 ~ NT\$ 04,999,999 | Hsiao, Kai-Feng | Chang, Chih-Hao Hsiao, Kai-Feng |
| NT\$ 05,000,000 ~ NT\$ 09,999,999 | - | - |
| NT\$ 10,000,000 ~ NT\$ 14,999,999 | - | - |
| NT\$ 15,000,000 ~ NT\$ 29,999,999 | - | - |
| NT\$ 30,000,000 ~ NT\$ 49,999,999 | - | - |
| NT\$ 50,000,000 ~ NT\$ 99,999,999 | - | - |
| Over NT\$100,000,000 | - | - |
| Total | 4 | 4 |

3.2.3. Latest fiscal year (2025) names of managers determining employees' compensation and distribution status

December 31, 2025; Unit: NT\$ thousands

| | Job title | Name | Stock (Fair Market Value) | Cash | Total | Ratio of Total Amount to Net Income |
|--------------------|--|-----------------|---------------------------|-------|-------|-------------------------------------|
| Executive Officers | CEO | Hsiao, Kai-Feng | - | 4,192 | 4,192 | 2.91% |
| | Director, Technology R&D Center | Hsu, Ching-Ho | | | | |
| | Director, Marketing Center | Chang, Chih-Hao | | | | |
| | Management Center Director | Chang, Hsin-Yi | | | | |
| | Chief Audit Executive | Lai, Shih-Tung | | | | |
| | Chief Financial Officer and Corporate Governance Officer | Chen, Liu-Yu | | | | |
| | Assistant general manager, Technology R&D Center | Lin, Yung-Chang | | | | |

3.2.4. Provide a comparative explanation and analysis for total remuneration paid to the Company's Directors, Supervisors, General Manager, and Vice General Manager in the most recent two years as a percentage of net income after tax (NIAT) of any entity or individual financial statements as stated in the Company's financial statements and consolidated financial statements, and the effects of the remuneration policy, standards, and combinations, the processes and procedures for determination of remuneration, and relation to operational efficacy and future risks.

- (1) The ratio of total remuneration paid by the Company and by all companies included in the consolidated financial statements for the two most recent fiscal years to directors, supervisors, president and vice presidents of the Company, to the net income.

| Annual remuneration | 2024 | | 2025 | |
|---|---|--|---|--|
| | Ratio of total remuneration paid to directors, supervisors, president and vice presidents to net income (%) | | Ratio of total remuneration paid to directors, supervisors, president and vice presidents to net income (%) | |
| Personal Status category | The company | All companies listed in this consolidated financial report | The company | All companies listed in this consolidated financial report |
| Directors, General Manager and Vice General Manager | 7.91% | 10.78% | 8.20% | 12.65% |

- (2) The policies, standards, and portfolios for the payment of remuneration, the procedures for determining remuneration, and the correlation with risks and business performance.

The Company has already established a Remuneration Committee, which is responsible for establishing and periodically reviewing Directors' and managers' performance efficacy and salary compensation and remuneration policies, system, standards and structure, while concomitantly evaluating and determining Director and manager salaries and remuneration. The performance evaluation has been assigned to the financial department of the Management Center and internal surveys have been adopted. The evaluation consists of four parts, including operation of the Board, the extent of participation in the Board, operation of the Remuneration Committee and operation of the Audit Committee. The Directors of the Board are asked to assess the Board operations and their participation in the Board while the members of the respective committees are asked to evaluate the operations of the Committee on which they serve. Pursuant to Article 9 of the evaluation rules, when electing or nominating members of the Board of Directors, the Company shall base its election on the evaluation results of the performance of the Board and shall base its determination of individual Directors' remuneration on the evaluation results of their performance along with their positions in the Company, the extent of participation in and contribution to the operation of the Company. The remuneration of the General Manager is determined based on the position, the extent of contribution to the Company and comparable standards in the industry and is processed according to the Company's personnel regulations.

The finance department of the management center of the Company carried out an analysis in accordance with the "Performance evaluation of the Board of Directors" and reported the results to the Board of Directors and proposed improvement measures in response to opinion of the Directors to reduce future operation risks. In accordance with Article 10 of the Rules, the Company is advised to disclose in its annual report whether it has formulated procedures to evaluate the performance of the Board, and that the method and results of the annual performance evaluation of the Board shall be described. Pursuant to Article 11, the Company's performance evaluation methods shall be fully disclosed on the Market Observation Post System and the Company's website for reference for the competent authority and investors.

3.3. Status of Corporate Governance

3.3.1. Board Meetings' Implementation Status:

The Board of Directors held 7 meetings (A) in the most recent year of 2025, through to April 30, 2026. The attendance of Directors of the Board was as follows:

| Job title | Name | Times actually attending (B) | Times in Attendance by Proxy | Actual attendance rate (%) (B/A) | Remarks |
|----------------------|-----------------|------------------------------|------------------------------|----------------------------------|---------|
| Chairperson | Chang, Jui-Jung | 7 | 0 | 100% | None |
| Director | Hsieh, Shun-Ho | 5 | 2 | 71% | None |
| Director | Chen, Lai-Chun | 7 | 0 | 100% | None |
| Director | Tsai, Feng-Lung | 7 | 0 | 100% | None |
| Director | Chang, Chih-Hao | 7 | 0 | 100% | None |
| Director | Hsiao, Kai-Feng | 7 | 0 | 100% | None |
| Independent Director | Chen, Shuei-Jin | 7 | 0 | 100% | None |
| Independent Director | Huang, Chen-Yen | 7 | 0 | 100% | None |
| Independent Director | Shih, Kuen-Ho | 7 | 0 | 100% | None |

Other required disclosure:

I. The date of the board meeting, the term, content of the proposals, opinion of all Independent Directors, and the Company's handling of the opinion of Independent Directors shall be recorded for any of the following circumstances affecting operations of the Board of Directors' meetings:

(I) Matters listed in Article 14-3 of the Securities and Exchange Act: Since the Company has established an Audit Committee, these provisions are not applicable.

(II) Other matters involving objections or expressed reservations by independent directors that were recorded or stated in writing that require a resolution by the board of directors: None.

II. In regard to the recusal of independent directors from voting due to conflict of interests, the name of the said independent directors, the proposal, reasons for recusal due to conflict of interests and voting outcomes shall be stated.

| Name of Director | Proposal Contents | Reasons for Recusal Due to Conflict of Interests | Participation in Voting |
|---|---|---|-------------------------------|
| Chang, Jui-Jung Chang, Chih-Hao Hsiao, Kai-Feng | On March 12, 2025, meeting of the Board of Directors: Proposal for the Company's payment of 2024 remuneration to directors and employees and salary to the managers of the Company and its subsidiaries. | This is a matter relating to personal interests or interests of relations within the second degree of kinship | Did not participate in voting |

| | | | |
|--|---|---|-------------------------------|
| Chang, Jui-Jung Chang, Chih-Hao | On May 9, 2025, meeting of the Board of Directors: Proposal for the 2025 bonus distribution to managers of the Company. | This is a matter relating to personal interests or interests of relations within the second degree of kinship | Did not participate in voting |
| Chang, Jui-Jung Chang, Chih-Hao | On August 20, 2025, meeting of the Board of Directors: 1.The amendment to the Company's "Human Resources Management Regulations" and "Expatriate Employee Management Regulations". 2.Proposal for the 2025 bonus distribution to managers of the Company. | This is a matter relating to personal interests or interests of relations within the second degree of kinship | Did not participate in voting |
| Chang, Jui-Jung Chang, Chih-Hao | On November 12, 2025, meeting of the Board of Directors: 1.Proposal for the 2025 bonus distribution to managers of the Company. 2.Proposal for management personnel changes of the subsidiaries. | This is a matter relating to personal interests or interests of relations within the second degree of kinship | Did not participate in voting |
| Chang, Jui-Jung Chang, Chih-Hao Hsiao, Kai-Feng | On December 23, 2025, meeting of the Board of Directors: Proposal for the bonus to the managers of the Company and its subsidiaries. | This is a matter relating to personal interests or interests of relations within the second degree of kinship | Did not participate in voting |
| Chang, Jui-Jung Chang, Jui-Ching Hsiao, Kai-Feng | On March 10 2026, meeting of the Board of Directors: Proposal for the Company's payment of 2025 remuneration to directors and employees and remuneration to the managers of the Company and its subsidiaries. | This is a matter relating to personal interests or interests of relations within the second degree of kinship | Did not participate in voting |
| Chang, Jui-Jung Chang, Jui-Ching | On April 14, 2026, meeting of the Board of Directors: Proposal for the 2025 bonus distribution to managers of the Company. | This is a matter relating to personal interests or interests of relations within the second degree of kinship | Did not participate in voting |

III. Targets for strengthening the functions of the Board of Directors (such as establishing an Audit Committee and enhancing information transparency) in the current and the most recent fiscal year and assessing implementation thereof

- (I) To clarify the duties of the Board of Directors, the Company has adopted "Rules of Procedure for Board of Directors Meetings", which will hereafter govern the Board of Directors. Also, after 2017 the Company elected three independent directors, and formed an Audit Committee and Remuneration Committee, to fully implement and realize corporate governance operations;

(II) To enhance corporate governance capabilities, the Company has taken out Directors and Officers liability insurance with the current coverage amounting to USD 4 million. In order to mitigate the legal liability risks of directors and key executive officers;

(III) To enhance information transparency, the Company has duly appointed a Spokesperson and Acting Spokesperson to serve as channels for external communications. Also, the Company has assigned dedicated personnel to handle corporate information collection and disclosure related matters, and on the corporate website has established a dedicated Investor area, providing real-time and comprehensive information for investor review, located online at: <https://www.sannenggroup.com/>

IV. Board performance evaluation: The company's 2025 board of directors and functional committees are evaluated and implemented as follows:

| Cycle | Period | Scope | Method | Content |
|--|-------------------------------|---|---|---|
| Internal assessment: The company performs the performance evaluation of the board of directors once a year. | 2025.01.01 2025.12.31 | 1.Performance evaluation of the Board of Directors 2.Selfassessment of board members 3.Performance evaluation of the Remuneration Committee 4.Performance evaluation of the Audit Committee 5.Performance evaluation of Risk and Investment Decision-Making Committee 6.Performance evaluation of Nominating Committee | Internal self-evaluations were conducted on the Board, Board directors, and members of functional committees. | 1. The measurement items for the board performance evaluation include the following five aspects: (1) Degree of participation in company operations. (2) Improve the quality of board decisions. (3) Board composition and structure. (4) Selection of directors and continuing education. (5) Internal control. 2. The measurement items for the performance evaluation of board members include the following six aspects: (1) Master the company's goals and tasks. (2) Cognition of directors' responsibilities. (3) Level of participation in company operations. (4) Internal relationship management and communication. (5) Professional and continuous education of directors. (6) Internal control. 3. The measurement items for the performance evaluation of the functional committee include the following five aspects: (1) Degree of participation in company operations. (2) Cognizance of functional committee |

| | | | | |
|--|--|--|--|---|
| | | | | responsibilities. (3) Improve the quality of decision-making of functional committees. (4) Composition of functional committees and selection of 29 members. (5) Internal control. |
|--|--|--|--|---|

The Company has implemented a system of evaluation on the performance of the Board of Directors. Moreover, the Board of Directors approved "the Rules on the Evaluation of the Performance of the Board of Directors" in January 2019 and revised it in 2021, with a view to enhance the performance of the Board of Directors through setting performance indexes. The Internal Evaluation on the Performance of the Board of Directors shall be conducted every year. "The Performance assessments of the board of directors" and "the Self-assessment and peer-to-peer assessments of individual directors" would be conducted in every December. Moreover, the assessment result shall be reported to the Board of Directors for further evaluation and improvement before the first quarter of next year. In order to strengthen the efficiency of the operation of the Board of Directors, in accordance with the provisions of Article 40 of the "Corporate Governance Best-Practice Principles." Conduct performance evaluations on the board of directors, functional committees, and individual directors based on self-evaluation, peer evaluation, etc., and use it as a reference for individual directors' remuneration and nomination for renewal.

The evaluation results of each scope of evaluation and the corresponding scores are as follows:

- 1."Questionnaire of Performance evaluation of the Board of Directors": All directors found that the performance of the board of directors of the Company is in line with expectation in each aspect of the evaluation.
- 2."Questionnaire of Self-assessment of board members": the performance of all directors of the Company is in line with expectation in each aspects of the evaluation.
- 3."Questionnaire of Performance evaluation of the Remuneration Committee": All executive members found that the result of the Performance evaluation for the Remuneration Committee of the Company is in line with expectation in each aspect of the evaluation.
- 4."Questionnaire of Performance evaluation of the Audit Committee": All executive members found that the performance of the audit committee of the Company is in line with expectation in each aspect of the evaluation.
- 5."Questionnaire of Performance Evaluation of Risk and Investment Decision-Making Committee": All executive members found that the Performance of the Risk and Investment Decision-Making Committee of the Company is in line with expectation in each aspect of the evaluation.
- 6."Questionnaire of Nominating Committee": All executive members found that the Nominating Committee of the Company is in line with expectation in each aspect of the evaluation.

The Company has completed the 2025 Board performance self-assessment, and reported the assessment results to the Board meeting on March 10, 2026 as the basis for review and improvement. The annual scores range from 4.36 to 4.98 (5 for full mark), showing that the Board of Directors and various functional committees function well in general.

3.3.2. Operational status of the Audit Committee

The Company's Audit Committee held 6 meetings (A) in the most recent year of 2025, through to April 30, 2026. The attendance (presence) of Audit Committee members was as follows:

| Job title | Name | Times actually attending (B) | Times in Attendance by Proxy | Actual attendance rate (%) (B/A) | Remarks |
|----------------------|-----------------|------------------------------|------------------------------|----------------------------------|---------|
| Independent Director | Chen, Shuei-Jin | 6 | 0 | 100% | None |
| Independent Director | Huang, Chen-Yen | 6 | 0 | 100% | None |
| Independent Director | Shih, Kuen-Ho | 6 | 0 | 100% | None |

Other required disclosure:

I. If any of the following circumstances occur during Audit Committee meetings, the date of said meeting, session number, proposal content, independent directors' objections, reservations or major suggestions, Audit Committee resolutions, and the Corporation's responses to Audit Committee opinions should be recorded.

(I) Matters listed in Article 14-5 of the Securities and Exchange Act.

| Meeting Date | Proposal Contents |
|--------------|---|
| 2025.03.12 | 1.The Company's 2024 consolidated financial statements, business reports and various accounting and settlement reports. |
| | 2.The Company's 2024 annual distribution of earnings. |
| | 3.Proposal for evaluation on design and effectiveness of execution of the Company's 2024 internal control system, and issuance of the "Declaration of Statement for Internal Control System". |
| 2025.05.09 | 1.Proposal for loaning of funds to subsidiary. |
| | 2.Proposal for loaning of funds to subsidiary. |
| 2025.08.20 | 1.The Company's consolidated financial statements for the second quarter of 2025. |
| | 2.Proposal for loaning of funds to subsidiary. |
| 2025.11.12 | Proposal for the change of the Company's external auditors and the assessment of their independence. |
| 2026.03.10 | 1.The Company's 2025 consolidated financial statements, business reports and various accounting and settlement reports. |
| | 2.The Company's 2025 annual distribution of earnings. |
| | 3.Proposal for evaluation on design and effectiveness of execution of the Company's 2025 internal control system, and issuance of the "Declaration of Statement for Internal Control System". |

Content of any dissenting opinions, qualified opinions, or major suggestions from independent directors: None.

Resolution results of the committee and the company's handling of the committee's opinions: All proposals were unanimously approved by the committee members, and the Board of Directors approved all proposals in accordance with the committee's recommendations.

(II) Other matters which were not approved by the Audit Committee but were approved by two-thirds or more of all directors: None.

II. In regard to any recusal of independent directors from voting due to conflict of interests, the name of the independent directors, the proposal, reasons for recusal due to conflict of interests and voting outcomes should be stated: None.

III. Communications between independent directors and the head of internal audit and CPAs (such as matters, methods and results of communication with respect to the Company's financial and business status):

(I) The methods of communication among the independent directors and internal audit compliance supervisors are as follows:

During discussions of the auditing CPAs Financial Report, the Company extends invitations to the CPAs to attend the Audit Committee for discussion of the Company's financial status, and the results of the communication are highly productive. Internal audit compliance supervisors abide by the Internal Audit Compliance Implementation Guidelines adopted by the Shareholders' Meeting on July 25, 2017, providing internal audit compliance reports to the Directors of the Board and Audit Committee members in attendance, and by the end of the following month provide the prior month's Internal Audit Plan Forms to the Audit Committee members for review and approval.

(II) Summary of previous communications between the independent directors and the internal audit compliance supervisors:

The Company's independent directors enjoy good communications regarding the work and efficacy of the internal audit compliance effort, and for 2025 the material communications conveyed were as delineated in the form below:

| Date | Communication Focus | Results of implementation |
|------------|---|---------------------------|
| 2025.03.12 | Internal Audit compliance implementation report of 2025 | Approved for recordation |
| 2025.05.09 | Internal Audit compliance implementation report of 2025 | Approved for recordation |
| 2025.08.20 | Internal Audit compliance implementation report of 2025 | Approved for recordation |
| 2025.11.12 | Internal Audit compliance implementation report of 2025 | Approved for recordation |
| 2025.12.23 | Audit Plan of 2026 | Approved as proposed |

(III) Summary of previous communications between the independent directors and the retained auditing CPAs.

The company's independent directors and the retained auditing CPAs enjoy good communications, and for 2025 the material communications conveyed were as delineated in the form below:

| Date | Communication Focus | Results of implementation |
|------------|--|---------------------------|
| 2025.03.12 | 2024 Business Report and Consolidated Financial Report. | Approved as proposed |
| | Appointed accounting firm to communicate reports with governance unit. | Approved for recordation |
| 2025.05.09 | 2025 First Quarter Consolidated Financial Report Audit Process and Status Report. | Approved as proposed |
| 2025.08.20 | 2025 Second Quarter Consolidated Financial Report Audit Process and Status Report. | Approved as proposed |

| | | |
|------------|---|--------------------------|
| | Appointed accounting firm to communicate reports with governance unit. | Approved for recordation |
| 2025.11.12 | 2025 Third Quarter Consolidated Financial Report Audit Process and Status Report. | Approved as proposed |
| | Appointed accounting firm to communicate reports with governance unit. | Approved for recordation |

3.3.3. Implementation of Corporate Governance and any Deviations from Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies, and the Reasons thereof

| Performance Evaluation Items | Operational status | | | Deviations from Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies and Reasons for such Discrepancies |
|--|--------------------|----|---|---|
| | Yes | No | Summary | |
| I. Does Company follow "Taiwan Corporate Governance Implementation" to establish and disclose its corporate governance practices? | V | | The Company has established the Corporate Governance Best Practice Principles, which is in accordance with the "Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies". The Corporate Governance Best Practice Principles has been revised and approved by the BOD on December 22, 2023, and published their contents on MOPS and the Company's website. | At present there are no major impediments or deviations in implementation. |
| II. Shareholding structure & shareholders' rights (I) Does Company have Internal Operation Procedures for handling shareholders' suggestions, concerns, disputes and litigation matters. If yes, has these procedures been implemented accordingly? | V | | (I) The Company has established its "Corporate Governance Best Practice Principles", set up an email address and delegated responsibility to the spokesperson and the financial unit of the management center to handle any shareholder suggestions or disputes. | At present there are no major impediments or deviations in implementation. |

| Performance Evaluation Items | Operational status | | | Deviations from Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies and Reasons for such Discrepancies |
|--|--------------------|----|---|---|
| | Yes | No | Summary | |
| (II) Does Company possess a list of major shareholders and beneficial owners of these major shareholders? | V | | (II) Major shareholders are required to report to the company regarding changes in the shareholding on a monthly basis. | |
| (III) Has the Company built and executed a risk management system and "firewall" between the Company and its affiliates? | V | | (III) The Company has in accordance with the "Regulations Governing Establishment of Internal Control Systems by Public Companies" established within the internal control system the "Rules Governing Financial and Business Matters Between the Company and its Related Parties.", and implements risk control and firewall mechanisms in accordance with the relevant regulations. | |
| (IV) Has the Company established an internal regulation that prohibits insider trading on undisclosed information? | V | | (IV) The Company has established "Prevention of Insider Trading Regulations" and "Procedures for Handling Material Inside Information", and in accordance with these regulations prohibits corporate insiders from the use of undisclosed information in the securities trading markets and have regular trainings to insiders. Furthermore, to strengthen corporate governance and proactively prevent insider trading, Article 10 of the Company's "Corporate Governance Best Practice Principles" stipulates that directors are prohibited from trading the Company's shares during the blackout periods. These periods comprise the 30 days prior to the publication of the annual financial report and the 15 days prior to the publication of each quarterly financial report. In addition, prior notices are sent to directors to prevent them from inadvertently facing allegations of insider trading. | |

| Performance Evaluation Items | Operational status | | | Deviations from Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies and Reasons for such Discrepancies |
|---|--------------------|----|--|---|
| | Yes | No | Summary | |
| <p>III. Composition and Responsibilities of the Board of Directors</p> <p>(I) Has the Company established a diversification policy for the composition of its Board of Directors and has it been implemented accordingly?</p> | V | | <p>(I) The Board of Directors has made the following policies and implementations regarding diversity of its composition:</p> <ol style="list-style-type: none"> 1. In light of the increasing diversity of the responsibilities of the Board of Directors and in order to continue the balanced development of business operations, enhance operational performance and management efficiency, the Company has formulated the "Corporate Governance Best Practice Principles". On Article 20, Chapter III "Strengthening Board Functions" of the Principles, the diversification objective in nominating directors has been specified. The Company evaluates the eligibility of the Board members from various dimensions and aspects which include but not limited to gender, age, culture and academic backgrounds, race, professional experience, technique and knowledge or field of work. All Board appointments are based on meritocracy, and candidates will be considered objectively, having due regard for the benefits of diversity on the Board. 2. The nomination and election of members of the Company's Board of Directors is conducted in accordance with the Articles of Association, wherein a candidate nomination system is adopted. In addition to the evaluation of the education background and work experience of candidates, stakeholders' opinions are also taken into consideration in accordance with "Procedures for Election of Directors" and "Corporate Governance Best Practice Principles", in order to ensure the | At present there are no major impediments or deviations in implementation. |

| Performance Evaluation Items | Operational status | | Summary | Deviations from Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies and Reasons for such Discrepancies |
|------------------------------|--------------------|----|---|---|
| | Yes | No | | |
| | | | <p>diversity and independence of members of the Board of Directors.</p> <p>3. Among the Company's 9 Board members in the 4th term of the Board of Directors, 6 of whom are general directors. One of the general directors, Chen, Lai-Chun, is female and is equipped with bakeware management experiences as well as expertise in financial and accounting management. Other directors who are equipped with management experiences and bakeware industry knowledge include Hsieh, Shun-Ho and Chang, Chih-Hao; directors who are equipped with bakeware management and professional knowledge include Chang, Jui-Jung, Tsai, Feng-Lung, Hsiao, Kai-Feng, and Chang, Chih-Hao. Director Hsieh, Shun-Ho is familiar with professional baking material knowledge, while Chang, Jui-Jung, Tsai, Feng-Lung, and Hsieh, Shun-Ho are all knowledgeable on professional production quality and R&D. The Company's three independent directors all come from different fields and expertise. In particular, independent director Huang, Chen-Yen is skilled in production management and quality system; Chen, Shuei-Jin has a professional CPA license and is proficient in financial accounting and business laws; while independent director Shih, Kuen-Ho serves on the board of the China Grain Products Research & Development Institute. His past roles include serving as a member and evaluator for the Baking Food Vocational Examination Committee, and as a judge for both national and international bread competitions. His comprehensive understanding of the baking industry has allowed him to establish professional networks and accumulate experience across all facets of the industry, from production to distribution. Additionally, he has provided mentorship to a significant number of baking professionals and business owners in Taiwan. The three independent directors have made significant contributions to the Company whether in terms of</p> | |

| Performance Evaluation Items | Operational status | | Summary | Deviations from Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies and Reasons for such Discrepancies |
|------------------------------|--------------------|----|--|---|
| | Yes | No | | |
| | | | <p>manufacturing quality system, financial and accounting legal compliance, and industry development trends. The diversity of the Board members' industrial experience, professional expertise and academic backgrounds allow them to provide professional advice from a variety of aspects, which greatly enhances the business management of the Company.</p> <p>4. The ratio of directors who concurrently serve as employees of the Company is 22%; the ratio of independent directors to all directors is 33%; while the ratio of female directors is 11%. The Company will place greater emphasis on gender balance in the composition of the Board of Directors. It expects to increase the number of female directors in this year's board election to achieve a more balanced gender representation. The Board has already completed the nomination process, and the proportion of female directors is projected to rise to 22% after the election.</p> <p>5. It can be seen from the table below that the core of diversity of the Board of Directors consists of two major components, which are industry experience and professional expertise. The industry-specific experience includes experiences in areas of baking ingredients, baking equipment, baking tools, and baking products; while the professional expertise includes accounting and finance, law, production quality and quality, and technical R&D. The Company has an even distribution across all of the aforementioned aspects, showing implementation diversity in the Board's composition.</p> | |

| Performance Evaluation Items | Operational status | | | | | | | | | | Deviations from Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies and Reasons for such Discrepancies | | | |
|---|--------------------|----|--------------------------------------|--------|------------------|--------------|--------------------|----------------|------------------------|-----|---|-----|--|---|
| | Yes | No | Summary | | | | | | | | | | | |
| (II) In addition to the Remuneration Committee and Audit Committee established | V | | Diversification | Gender | Baking Equipment | Baking Tools | Baking Ingredients | Baking Product | Accounting and Finance | Law | Production Quality | R&D | | |
| | | | Name | | | | | | | | | | | |
| | | | Director Chang, Jui-Jung | Male | | V | | | | | | V | | V |
| | | | Director Hsieh, Shun-Ho | Male | V | | V | | | | | V | | V |
| | | | Director Chen, Lai-Chun | Female | | V | | | V | | | | | |
| | | | Director Tsai, Feng-Lung | Male | | V | | | | | | V | | V |
| | | | Director Hsiao, Kai-Feng | Male | V | V | | V | V | V | | | | |
| | | | Director Chang, Chih-Hao | Male | V | V | | V | | | | | | |
| | | | Independent Director Chen, Shuei-Jin | Male | | | | | V | V | | | | |
| | | | Independent Director Shih, Kuen-Ho | Male | V | V | V | V | | | | | | V |
| | | | Independent Director Huang, Chen-Yen | Male | V | | | | | | | V | | |
| (II) In addition to Remuneration Committee and Audit Committee, the Company also set up a Risk and Investment Decision-Making Committee, which is mainly responsible for: reviewing new business or strategic investments, establishment of new companies and mergers (including mergers, acquisitions and divestitures), and joint | | | | | | | | | | | | | | |

| Performance Evaluation Items | Operational status | | | Deviations from Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies and Reasons for such Discrepancies | | | | | | | | | | | | | | | | | | | | | | | | |
|---|--------------------|--------------------------|---|---|---|--------------------------|----------|-------------------------------------|---------|----------|-----------------|---|---|------|----------------------------|-------------------|-----------------|---|---|------|----------------------------|-------------------|---------------|---|---|------|---|--|
| | Yes | No | Summary | | | | | | | | | | | | | | | | | | | | | | | | | |
| <p>according to law, has the Company voluntarily established other functional committees?</p> <p>(III) Has the Company established methodology for evaluating the performance of its Board of Directors, on an annual basis, reported the results of performance to the</p> | | V | <p>ventures with others. The Committee is composed of three Independent Directors. The term of service starts from June 20, 2023 to June 19, 2026. The Risk and Investment Decision-Making Committee held 3 meetings (A) in the most recent year and as of April 30, 2026. The attendance (presence) of the Committee members was as follows:</p> <table border="1"> <thead> <tr> <th>Title</th> <th>Name</th> <th>Attendance in person (B)</th> <th>By Proxy</th> <th>Attendance Rate in Person (%) (B/A)</th> <th>Remarks</th> </tr> </thead> <tbody> <tr> <td>Convener</td> <td>Chen, Shuei-Jin</td> <td>3</td> <td>0</td> <td>100%</td> <td>Reelected on June 20, 2023</td> </tr> <tr> <td>Committee Members</td> <td>Huang, Chen-Yen</td> <td>3</td> <td>0</td> <td>100%</td> <td>Reelected on June 20, 2023</td> </tr> <tr> <td>Committee Members</td> <td>Shih, Kuen-Ho</td> <td>3</td> <td>0</td> <td>100%</td> <td>Shih, Kuen-Ho, who was elected on June 20, 2023</td> </tr> </tbody> </table> <p>(III) The Company has established its "Performance evaluation of the Board of Directors". The results of the Board of Directors' performance evaluation for the year of 2025 has been reported in the Board of Directors of March 10, 2026.</p> <p>Both the rules and the evaluation results have been disclosed in the Investor Section of the Company's website. Performance evaluation of the Board of Directors of the Company includes the following five aspects:</p> <ol style="list-style-type: none"> 1. Extent of participation in the Company's operations. | Title | Name | Attendance in person (B) | By Proxy | Attendance Rate in Person (%) (B/A) | Remarks | Convener | Chen, Shuei-Jin | 3 | 0 | 100% | Reelected on June 20, 2023 | Committee Members | Huang, Chen-Yen | 3 | 0 | 100% | Reelected on June 20, 2023 | Committee Members | Shih, Kuen-Ho | 3 | 0 | 100% | Shih, Kuen-Ho, who was elected on June 20, 2023 | |
| Title | Name | Attendance in person (B) | By Proxy | Attendance Rate in Person (%) (B/A) | Remarks | | | | | | | | | | | | | | | | | | | | | | | |
| Convener | Chen, Shuei-Jin | 3 | 0 | 100% | Reelected on June 20, 2023 | | | | | | | | | | | | | | | | | | | | | | | |
| Committee Members | Huang, Chen-Yen | 3 | 0 | 100% | Reelected on June 20, 2023 | | | | | | | | | | | | | | | | | | | | | | | |
| Committee Members | Shih, Kuen-Ho | 3 | 0 | 100% | Shih, Kuen-Ho, who was elected on June 20, 2023 | | | | | | | | | | | | | | | | | | | | | | | |

| Performance Evaluation Items | Operational status | | Summary | Deviations from Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies and Reasons for such Discrepancies |
|---|--------------------|----|--|---|
| | Yes | No | | |
| <p>Board of Directors, and use the results as reference for directors' remuneration and renewal?</p> <p>(IV) Does the Company regularly implement assessments on the independence of the CPA?</p> | V | | <p>2. Improvement in the quality of decision-making by the Board of Directors.</p> <p>3. Composition and structure of the Board of Directors.</p> <p>4. Election of the Directors and their continuing professional education.</p> <p>5. Internal control.</p> <p>The finance unit of the management center of the Company carried out an analysis in accordance with the "Performance evaluation of the Board of Directors" and reported the results to the Board of Directors and proposed improvement measures in response to opinion of the Directors to reduce future operation risks. In accordance with Article 10 of the Rules, the Company is advised to disclose in its annual report whether it has formulated procedures to evaluate the performance of the Board, and that the method and results of the annual performance evaluation of the Board shall be described. Pursuant to Article 11, the Company's performance evaluation methods shall be fully disclosed on the Market Observation Post System and the Company's website for reference for the competent authority and investors.</p> <p>(IV) The Company's Audit Committee conducts assessments of the independence of its external auditors every year and reports the evaluation results to the Board of Directors.</p> <p>In addition to requiring auditors to provide a "statement of independence" and "Audit Quality Indicators (AQIs)," the Company follows the standards (in the table below) and the AQIs as an objective reference for auditor selection.</p> | |

| Performance Evaluation Items | Operational status | | Summary | Deviations from Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies and Reasons for such Discrepancies | | | | | | | | | | | | |
|--|---|---------------------------------|--|---|--------|--------------------------|--|---|---------------------------------|--|---|---------------------------------|--|---|---------------------------------|--|
| | Yes | No | | | | | | | | | | | | | | |
| | | | <p>After confirming that the auditor and the Company have no financial interest or business relationship beyond audit, tax services and assurance of the sustainability report and that the auditor's family members do not violate the independence requirements, the Committee also reviewed the auditor's AQI information. The Committee found that the auditor and the firm's audit experience and training hours exceeded industry averages, and they have been continuously implementing digital audit tools to improve audit quality over the past three years.</p> <p>The evaluation results for the latest fiscal year were discussed and approved by the Audit Committee on November 12, 2025, and reported to the Board of Directors on the same dates.</p> <table border="1"> <thead> <tr> <th>Performance Evaluation Items</th> <th>Rating</th> <th>Independence of the CPAs</th> </tr> </thead> <tbody> <tr> <td>1. Do the public certified accountants (CPAs) have any direct or significant indirect financial interest with the Company?</td> <td><input type="checkbox"/>Yes <input checked="" type="checkbox"/>No</td> <td>Meets criteria for independence</td> </tr> <tr> <td>2. Do the CPAs have any financing or guarantee activities with the Company or its directors?</td> <td><input type="checkbox"/>Yes <input checked="" type="checkbox"/>No</td> <td>Meets criteria for independence</td> </tr> <tr> <td>3. Do the CPAs have close business relationships or potential employment with the Company?</td> <td><input type="checkbox"/>Yes <input checked="" type="checkbox"/>No</td> <td>Meets criteria for independence</td> </tr> </tbody> </table> | Performance Evaluation Items | Rating | Independence of the CPAs | 1. Do the public certified accountants (CPAs) have any direct or significant indirect financial interest with the Company? | <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No | Meets criteria for independence | 2. Do the CPAs have any financing or guarantee activities with the Company or its directors? | <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No | Meets criteria for independence | 3. Do the CPAs have close business relationships or potential employment with the Company? | <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No | Meets criteria for independence | |
| Performance Evaluation Items | Rating | Independence of the CPAs | | | | | | | | | | | | | | |
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| 3. Do the CPAs have close business relationships or potential employment with the Company? | <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No | Meets criteria for independence | | | | | | | | | | | | | | |

| Performance Evaluation Items | Operational status | | | Deviations from Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies and Reasons for such Discrepancies | | | | | | | | | | | | | | | | | | |
|---|---|---------------------------------|--|---|--------|--------------------------|---|---|---------------------------------|--|---|---------------------------------|---|---|---------------------------------|---|---|---------------------------------|--|---|---------------------------------|--|
| | Yes | No | Summary | | | | | | | | | | | | | | | | | | | |
| | | | <table border="1"> <thead> <tr> <th>Performance Evaluation Items</th> <th>Rating</th> <th>Independence of the CPAs</th> </tr> </thead> <tbody> <tr> <td>4. Have the CPAs and members of the audit team served as directors or managerial officers or held positions with significant influence on the audit works of the Company at present or in the past 2 years?</td> <td><input type="checkbox"/>Yes <input checked="" type="checkbox"/>No</td> <td>Meets criteria for independence</td> </tr> <tr> <td>5. Do the CPAs provide non-audit services for the Company that would have a direct impact on the audits?</td> <td><input type="checkbox"/>Yes <input checked="" type="checkbox"/>No</td> <td>Meets criteria for independence</td> </tr> <tr> <td>6. Do the CPAs serve as intermediary of the shares or other securities issued by the Company?</td> <td><input type="checkbox"/>Yes <input checked="" type="checkbox"/>No</td> <td>Meets criteria for independence</td> </tr> <tr> <td>7. Do the CPAs serve as defense counsels of the Company or represent the Company in mediating conflicts with third parties?</td> <td><input type="checkbox"/>Yes <input checked="" type="checkbox"/>No</td> <td>Meets criteria for independence</td> </tr> <tr> <td>8. Are the CPAs family members or relatives of a director or managerial officer or person holding a position that has a significant impact on the audit work of the Company?</td> <td><input type="checkbox"/>Yes <input checked="" type="checkbox"/>No</td> <td>Meets criteria for independence</td> </tr> </tbody> </table> | Performance Evaluation Items | Rating | Independence of the CPAs | 4. Have the CPAs and members of the audit team served as directors or managerial officers or held positions with significant influence on the audit works of the Company at present or in the past 2 years? | <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No | Meets criteria for independence | 5. Do the CPAs provide non-audit services for the Company that would have a direct impact on the audits? | <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No | Meets criteria for independence | 6. Do the CPAs serve as intermediary of the shares or other securities issued by the Company? | <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No | Meets criteria for independence | 7. Do the CPAs serve as defense counsels of the Company or represent the Company in mediating conflicts with third parties? | <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No | Meets criteria for independence | 8. Are the CPAs family members or relatives of a director or managerial officer or person holding a position that has a significant impact on the audit work of the Company? | <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No | Meets criteria for independence | |
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| Performance Evaluation Items | Operational status | | | Deviations from Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies and Reasons for such Discrepancies | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
|--|-------------------------------|---------------------------------------|--|---|-------------|----------------------|-------|-------|-------------|--------------|------------|---------------------------------------|----------------------|-----|------|-------------------------------|----------------------------------|--|-----|------------|------|---|-----|------------|------|---|-----|--|--|--|--|--|--|
| | Yes | No | Summary | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| IV. Does the Company appoint competent and appropriate corporate governance personnel and corporate governance officer to be in charge of corporate governance affairs (including but not limited to furnishing information required for business execution by directors, assisting directors' compliance of law, handling matters related to board meetings and shareholders' meetings according to law, and recording minutes of board meetings and shareholders' meetings)? | V | | <p>The Company has established the "Sustainable Development Management" dedicated unit upon approval by the Board of Directors in August 2021, and appointed the Company's financial manager to serve as the Chief Corporate Governance Officer concurrently. Report to the CEO about the corporate governance practices, including convening of the Board of Directors meetings, Audit Committee meetings, Remuneration Committee meetings and shareholders' meetings pursuant to laws, assistance to directors in holding the position and continuing education; provision to directors the information needed by them to perform their duties, and assistance to directors in compliance.</p> <p>Training undertaken by the Company's corporate governance officers in 2025 were as follows:</p> <table border="1"> <thead> <tr> <th>Name</th> <th>Date</th> <th>Hosting Organization</th> <th>Couse</th> <th>Hours</th> <th>Total hours</th> </tr> </thead> <tbody> <tr> <td rowspan="5">Chen, Liu-Yu</td> <td>2025/03/19</td> <td>Taiwan Academy of Banking and Finance</td> <td>Corporate Governance</td> <td>3.0</td> <td rowspan="5">36.0</td> </tr> <tr> <td>2025/05/28 2025/05/29</td> <td>Securities and Futures Institute</td> <td>Sustainability Disclosure Implementation Workshop for Listed Companies</td> <td>9.0</td> </tr> <tr> <td>2025/07/09</td> <td>TWSE</td> <td>2025 Cathay Sustainable Finance and Climate Change Summit</td> <td>6.0</td> </tr> <tr> <td>2025/08/15</td> <td>TWSE</td> <td>CDP & IFRS S2 Mapping Overview and Training</td> <td>6.0</td> </tr> <tr> <td></td> <td></td> <td></td> <td></td> <td></td> </tr> </tbody> </table> | Name | Date | Hosting Organization | Couse | Hours | Total hours | Chen, Liu-Yu | 2025/03/19 | Taiwan Academy of Banking and Finance | Corporate Governance | 3.0 | 36.0 | 2025/05/28 2025/05/29 | Securities and Futures Institute | Sustainability Disclosure Implementation Workshop for Listed Companies | 9.0 | 2025/07/09 | TWSE | 2025 Cathay Sustainable Finance and Climate Change Summit | 6.0 | 2025/08/15 | TWSE | CDP & IFRS S2 Mapping Overview and Training | 6.0 | | | | | | At present there are no major impediments or deviations in implementation. |
| Name | Date | Hosting Organization | Couse | Hours | Total hours | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Chen, Liu-Yu | 2025/03/19 | Taiwan Academy of Banking and Finance | Corporate Governance | 3.0 | 36.0 | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | 2025/05/28 2025/05/29 | Securities and Futures Institute | Sustainability Disclosure Implementation Workshop for Listed Companies | 9.0 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
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| | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |

| Performance Evaluation Items | Operational status | | | | | | | Deviations from Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies and Reasons for such Discrepancies |
|--|--------------------|----|--|------------|---------------------------------------|---|-----|---|
| | Yes | No | Summary | | | | | |
| | | | | 2025/09/26 | Securities and Futures Institute | 2025 Prevention of Insider Trading Publicity Conference | 3.0 | |
| | | | | 2025/10/01 | Taiwan Academy of Banking and Finance | Corporate Governance Series Forum | 3.0 | |
| | | | | 2025/10/31 | Securities and Futures Institute | 2025 Insider Equity Transaction Legal Compliance Publicity Briefing | 3.0 | |
| | | | | 2025/12/10 | Securities and Futures Institute | Seminar on Corporate Hedging: Currency Challenges and Asset Management Trends | 3.0 | |
| V. Has the company established a channel to communicate with stakeholders (including but not limited to the shareholders, employees and suppliers), and created a stakeholder section on the Company's | V | | The Company has established a channel for communication with stakeholders, and the Company has created a stakeholders' section on the Company's website, ensuring appropriate access for stakeholders including the consuming public, financial institutions and creditors, employees, suppliers, the community, government agencies, media, and shareholders, and allowing for timely and responsive feedback for their concerns. Communication results with stakeholders are summarized and reported to the Board of Directors annually for review and confirmation. The 2025 stakeholder communication outcomes were reported to the Board of Directors on December 23, 2025. | | | | | At present there are no major impediments or deviations in implementation. |

| Performance Evaluation Items | Operational status | | | Deviations from Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies and Reasons for such Discrepancies | | | | | | | | | |
|---|---|---|--|--|---|---|--------------|--|---|-----------|---|---|--|
| | Yes | No | Summary | | | | | | | | | | |
| website, and appropriately responded to the important corporate social responsibility issues that are relevant to the stakeholders? | | | <table border="1"> <thead> <tr> <th>Stakeholders</th> <th>Key Issues of Concern</th> <th>Communication Channel and Response Method</th> </tr> </thead> <tbody> <tr> <td>Shareholders</td> <td> <ol style="list-style-type: none"> 1. Business development /Operating Performance 2. Corporate Governance/ Society/ Environment 3. Risk Management 4. Shareholder Engagement </td> <td> Contact person: Spokesperson Hsiao, Kai-Feng TEL: 0928-135680 Communication Channels <ol style="list-style-type: none"> 1. Shareholders' Meeting and preparation of annual report 2. Hold corporate briefing sessions two times or more per year 3. Immediate announcements of important information on the Market Observation Post System and the Company's website 4. Investor e-mail address 5. Regular communication and meetings with domestic institutional investors </td> </tr> <tr> <td>Employees</td> <td> <ol style="list-style-type: none"> 1. Labor relations 2. Employee benefits 3. Occupational health and safety 4. Equality at work/ Nondiscrimination </td> <td> Contact person: Manager Su, Administration Department TEL: 04-2492-5850 Communication Channels <ol style="list-style-type: none"> 1. Hold regular labor-management meetings </td> </tr> </tbody> </table> | Stakeholders | Key Issues of Concern | Communication Channel and Response Method | Shareholders | <ol style="list-style-type: none"> 1. Business development /Operating Performance 2. Corporate Governance/ Society/ Environment 3. Risk Management 4. Shareholder Engagement | Contact person: Spokesperson Hsiao, Kai-Feng TEL: 0928-135680 Communication Channels <ol style="list-style-type: none"> 1. Shareholders' Meeting and preparation of annual report 2. Hold corporate briefing sessions two times or more per year 3. Immediate announcements of important information on the Market Observation Post System and the Company's website 4. Investor e-mail address 5. Regular communication and meetings with domestic institutional investors | Employees | <ol style="list-style-type: none"> 1. Labor relations 2. Employee benefits 3. Occupational health and safety 4. Equality at work/ Nondiscrimination | Contact person: Manager Su, Administration Department TEL: 04-2492-5850 Communication Channels <ol style="list-style-type: none"> 1. Hold regular labor-management meetings | |
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| Employees | <ol style="list-style-type: none"> 1. Labor relations 2. Employee benefits 3. Occupational health and safety 4. Equality at work/ Nondiscrimination | Contact person: Manager Su, Administration Department TEL: 04-2492-5850 Communication Channels <ol style="list-style-type: none"> 1. Hold regular labor-management meetings | | | | | | | | | | | |

| Performance Evaluation Items | Operational status | | | Deviations from Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies and Reasons for such Discrepancies | |
|------------------------------|--------------------|----|--|---|--|
| | Yes | No | Summary | | |
| | | | <p>5. Information security</p> | <p>2. Hold regular employee welfare committee meetings</p> <p>3. Establish gender equality in employment regulations</p> <p>4. Organize employee pre-employment training and health checks, and regularly send staff to participate in safety and health lectures</p> <p>5. Communication and publication of the Company's information are done every month during monthly meetings, posts on bulletin boards, and internal groups</p> <p>6. Sanneng Wuxi regularly solicits contributions from employees and publishes them in the publication "Sanneng Qing" to enhance the communication between the employees and the Company</p> | |
| | | | <p>Customers</p> <p>1. Corporate image</p> <p>2. Operational performance</p> <p>3. Product and services</p> <p>4. Information transparency and</p> | <p>Contact person: Assistant General Manager Wei, Sales Department</p> <p>TEL: (04)2492-5850</p> <p>Communication Channels</p> <p>1. Hold trade unions, associations, and media activities from time to time</p> | |

| Performance Evaluation Items | Operational status | | | Deviations from Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies and Reasons for such Discrepancies | |
|------------------------------|--------------------|----|--|--|--|
| | Yes | No | Summary | | |
| | | | security 5. Customer protection and communication 6. Quality of service 7. Corporate governance | 2. Hold new product launches/ exhibitions/ ordering meetings 3. Conduct dealer/ customer training 4. Multiple communication channels: including 24-hour service line, customer complaint hotline, website visitor message board 5. Real-time communication and processing of customer feedback 6. Visit customers from time to time to understand customer needs and assist in planning sales models 7. Regularly participate in domestic and foreign baking exhibitions to promote the company's products and make consumers better understand the company's brand value and products 8. Educate employees to keep customer information and trade secrets confidential 9. Publicity and advertising, social media: irregular periodicals | |
| | | | Suppliers | 1. Corporate image 2. Business performance Contact person: Assistant Manager Hsieh, Administration Department | |

| Performance Evaluation Items | Operational status | | | Deviations from Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies and Reasons for such Discrepancies | | | |
|--|---|---|--|---|---|---|--|
| | Yes | No | Summary | | | | |
| | | | <table border="1"> <tr> <td></td> <td>3. Quality requirements 4. Information transparency and security</td> <td>TEL: (04)2492-5850 1. Regularly conduct supplier evaluations to maintain the company's product quality 2. Educate employees to keep supplier information and trade secrets confidential</td> </tr> </table> | | 3. Quality requirements 4. Information transparency and security | TEL: (04)2492-5850 1. Regularly conduct supplier evaluations to maintain the company's product quality 2. Educate employees to keep supplier information and trade secrets confidential | |
| | 3. Quality requirements 4. Information transparency and security | TEL: (04)2492-5850 1. Regularly conduct supplier evaluations to maintain the company's product quality 2. Educate employees to keep supplier information and trade secrets confidential | | | | | |
| VI. Has the Company appointed a professional shareholder services agency in handling of the shareholders' meeting? | V | | The Company has delegated to the Transfer Agency Department of Mega Securities Co., Ltd., responsibility for the Company's Stock Transfer agency duties, to aid the Company in handling all stock related matters. | At present there are no major impediments or deviations in implementation. | | | |
| VII. Information Disclosure (I) The Company's corporate website discloses information on financial operations and corporate governance. (II) The Company has adopted other | V V | | <p>(I) The Company has disclosed information on financial operations, business and stock matters on its website(https://sannenggroup.com/; Chinese and English version) and has established a dedicated area to disclose information on its organizational structure, relevant regulations and implementation of corporate governance. In addition, relevant information is promptly disclosed on the Market Observation Post System (MOPS).</p> <p>(II) The Company has established both Chinese and English versions its website. In accordance with regulations, a spokesperson system has been implemented, with the</p> | No major impediments or deviations in implementation except that the financial report cannot be disclosed in advance due to | | | |

| Performance Evaluation Items | Operational status | | Summary | Deviations from Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies and Reasons for such Discrepancies |
|---|--------------------|----|--|---|
| | Yes | No | | |
| <p>information disclosure methods (such as creating an English website, delegating specific personnel to collect and disclose company information, implementing a spokesperson system, and disclosing the process of investor conferences on the Company's website).</p> <p>(III) Does the Company announce and report the annual financial statements within two months after the end of the fiscal year, and announce and report the first, second, and third quarter financial statements as well as the operating status of</p> | V | | <p>CEO serving as spokesperson, and the management center director and general manager of Sanneng Taiwan assigned with duties as the acting spokesperson. In addition, the Company has designated a responsible person to file various financial and business information on MOPS as well as updating the Company's website. Videos of institutional investor conferences are also made available on the Company's YouTube channel (https://www.youtube.com/@sannenggroup_investors).</p> <p>(III) The Company follows relevant laws and regulations to announce and report the first, second, third quarter and annual financial statements as well as the operating status of each month before the prescribed deadline. Please refer to Market Observation Post System for the aforementioned disclosure.</p> | <p>the problem of internal procedure and cooperation with accountants.</p> |

| Performance Evaluation Items | Operational status | | | Deviations from Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies and Reasons for such Discrepancies |
|--|--------------------|----|---|---|
| | Yes | No | Summary | |
| each month before the prescribed deadline? | | | | |
| VIII. Has the Company disclosed other information to facilitate a better understanding of its corporate governance practices (e.g. including but not limited to employee rights, employee wellness, investor relations, supplier relations, rights of stakeholders, directors' training records, the implementation of risk management policies and risk evaluation measures, the implementation of customer relations | V | | <p>(I) Employee rights and staff welfare: The Company treats employees with integrity, and in accordance with legal regulations and internal management guidelines ensures employees a secure and healthy work environment. In addition, the Company has a panoply of principles providing a fair opportunity and conduct norms governing employee retention, promotion, recognition or demerits, welfare, remuneration, and training. In addition, the Company has established an Employee Welfare Committee to protect employee rights and interests.</p> <p>(II) Investor Relations: The Company acts with integrity to abide by legal regulations governing disclosure of corporate information, to protect investor rights and interests and fulfill the corporation's responsibilities towards its shareholders.</p> <p>(III) Supplier Relations: The Company has robust communication channels with suppliers and maintains strong relations with them.</p> <p>(IV) Rights of stakeholders: The Company respects and protects stakeholders' legal rights.</p> <p>(V) Continuing education for Directors and Supervisors: The Company's Directors' continuing education and training complies with the "Directions for the Implementation of Continuing Education for Directors and Supervisors of Listed Companies".</p> <p>(VI) Implementation Status for Risk Management Policy and Risk Assessment Standards: The Company has established relevant operating procedures as the basis for risk</p> | At present there are no major impediments or deviations in implementation. |

| Performance Evaluation Items | Operational status | | Summary | Deviations from Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies and Reasons for such Discrepancies |
|--|--------------------|----|---|---|
| | Yes | No | | |
| policies, and purchasing insurance for directors and supervisors)? | | | <p>management and assessment.</p> <p>(VII) Implementation status for customer policy: The Company has established a consumer complaint handling mechanism to identify the source of the problem and responsibility for customer complaints, tasking the relevant units to make improvements to ensure protection of consumer rights, periodically conducting customer satisfaction surveys to make certain consumers enjoy the best service.</p> <p>(VIII) Status on Company policies for Directors' and Supervisors' Liability Insurance: The Company has procured coverage for Directors' Liability Insurance, and has reported to the Board of Directors as to its main contents including the amount of coverage for the liability insurance, the scope of coverage and the insurance premiums.</p> <p>(IX) The Company rigorously protects the confidentiality of trade secrets, highly values intellectual property such as trademarks, patents, works and trade secrets. The Company has formulated the "Management Guidelines for Intellectual Property Rights". Furthermore, the Company periodically submits intellectual property reports to the Board of Directors, with the most recent report presented on November 12, 2025. The patent portfolio and achievements of the Sanneng Group are outlined below:</p> <p>(1) As 2025, the Group has filed a cumulative total of 215 patent applications. Among these, 190 patents have been granted, comprising 18 invention patents, 161 utility model patents, and 11 design patents. An additional 25 patents are currently under review or in the application process, including 16 invention patents and 9 utility model patents.</p> | |

| Performance Evaluation Items | Operational status | | Summary | Deviations from Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies and Reasons for such Discrepancies |
|------------------------------|--------------------|----|---|---|
| | Yes | No | | |
| | | | (2) Regional Breakdown: Taiwan: 40 patents granted; 4 patents under review. China: 141 patents granted; 21 patents under review or in the application process. Japan: 9 patents granted. | |

IX. Please provide explanation and measures for improvements made, as well as the improvement measures awaiting amelioration and prioritized items and measures to be undertaken in response to the corporate governance evaluation conducted by the Corporate Governance Center of the Taiwan Stock Exchange Corporation:

| Topic | Plans for future improvement |
|---|---|
| <p>Whether the Company has established a Board-level Sustainability Committee composed of at least three members with corporate sustainability expertise, including at least one director for oversight, and disclosed its composition, responsibilities, and operations?</p> | <p>The Company plans to establish a Board-level Sustainability Committee in 2026.</p> |
| <p>Has the Company established a personal data protection policy, and disclosed its content and implementation status?</p> | <p>The Company established the "Personal Data Protection Management Regulations" in 2017. These regulations apply to all employees (including temporary staff), as well as vendors or consultants (including their employees and temporary staff) who conduct business with the Sanneng Group. The objective is to fully protect the privacy of customers and all stakeholders, ensuring that the collection and use of personal data comply with regulatory requirements. However, the implementation data had not been quantified prior to the Corporate Governance Evaluation deadline, it was not disclosed in this period. The Company plans to integrate and incorporate these quantitative data into its corporate management processes in the future.</p> |

3.3.4. Profiles of the Members and Operational Status of Functional Committee

(1) Remuneration Committee

① Profiles of the Members of the Remuneration Committee

April 30,2026

| Job Title | Name | Qualification | Professional Qualification and Experience | Independent Directors' Independence Status | Number of Other Taiwanese Public Companies Concurrently Serving as an Independent Title Name Director |
|----------------------|-----------------|--|--|--|---|
| Independent Director | Chen, Shuei-Jin | <ol style="list-style-type: none"> 1. Work experience in the area of commerce, accounting and otherwise necessary for the business of the company over 30 years, and is a CPA. 2. Served as Professional CPA, Deloitte & Touche. Current serving as Professional CPA and Managing Partner, Yuen Sheng CPA Firm, Independent Director and Remuneration Committee member, Cheng Shin Rubber Ind. Co., Ltd., Independent Director and Remuneration Committee member, Merida Industry Co., Ltd, Supervisor, LINCO Technology Co., Ltd., Independent Director and Remuneration Committee member, Acelon Chemicals & Fiber Co., Ltd. and Director, Taiwan Paiho Limited. 3. Not been a person of any conditions defined in Article 30 of the Company Law. | <p>Mr. Chen meets the conditions of independence, which includes but is not limited to whether the independent director, spouse, or relative within the second degree of kinship is a director, supervisor, or employee of the company or affiliates; the shares and percentage of shares held by the independent director, spouse, relative within the second degree of kinship; whether the independent director is a director, supervisor, or employee of the company or any companies with specific affiliations to the company; and compensation received by the independent director for providing services to the company's commerce, law, finance, or accounting department in the past two years. Pursuant to the requirements of the Listing Rules, the Company has obtained a written statement from independent non-executive director confirming the independence of himself and his immediate family from the company.</p> | 3 | |

| | | | | |
|----------------------|-----------------|--|--|---|
| Independent Director | Huang, Chen-Yen | <ol style="list-style-type: none"> 1. Work experience in the area of necessary for the business of the company over 40 years. 2. Served as Senior Engineer MIRDC, Metal Industries Research & Development Centre, Vice Manager, Tai Yi Textiles Knitting Co., Ltd. and Assistant Manager, Ming Chou Industrial Co., Ltd. 3. Not been a person of any conditions defined in Article 30 of the Company Law. | <p>Mr. Huang meets the conditions of independence, which includes but is not limited to whether the independent director, spouse, or relative within the second degree of kinship is a director, supervisor, or employee of the company or affiliates; the shares and percentage of shares held by the independent director, spouse, relative within the second degree of kinship; whether the independent director is a director, supervisor, or employee of the company or any companies with specific affiliations to the company; and compensation received by the independent director for providing services to the company's commerce, law, finance, or accounting department in the past two years. Pursuant to the requirements of the Listing Rules, the Company has obtained a written statement from independent nonexecutive director confirming the independence of himself and his immediate family from the company.</p> | 0 |
| Independent Director | Shih, Kuen-Ho | <ol style="list-style-type: none"> 1. Work experience in the area of necessary for the business of the company over 40 years. Served as Instructor, chief, deputy director, China Grain Products Research & Development Institute, Researcher in Lucky Enterprise Co., Secretary General, Taiwan Association for Food Science and Technology, Chairperson, Taiwan Association for Food Science and Technology. Current serving as President and Director, China Grain Products Research & Development Institute, Director, Total Quality Food Association and Supervisor, | <p>Mr. Shih meets the conditions of independence, which includes but is not limited to whether the independent director, spouse, or relative within the second degree of kinship is a director, supervisor, or employee of the company or affiliates; the shares and percentage of shares held by the independent director, spouse, relative within the second degree of kinship; whether the independent director is a director, supervisor, or employee of the company or any companies with specific affiliations to the company; and compensation received by the independent director for</p> | 0 |

| | | | | |
|--|--|--|---|--|
| | | Taiwan Vanilla Co., Ltd. 2. Not been a person of any conditions defined in Article 30 of the Company Law. | providing services to the company's commerce, law, finance, or accounting department in the past two years. Pursuant to the requirements of the Listing Rules, the Company has obtained a written statement from independent non-executive director confirming the independence of himself and his immediate family from the company. | |
|--|--|--|---|--|

Note: During the two years before being elected and during the term of office, meet any of the following situations:

- (1) Not an employee of the company or any of its affiliates;
- (2) Not a director or supervisor of the company or any of its affiliates;
- (3) Not a natural-person shareholder who holds shares, together with those held by the person's spouse, minor children, or held by the person under others' names, in an aggregate amount of one percent or more of the total number of issued shares of the company or ranks as one of its top ten shareholders;
- (4) Not a spouse, relative within the second degree of kinship, or lineal relative within the third degree of kinship, of any of the officer in the preceding (1) subparagraph, or of any of the above persons in the preceding subparagraphs (2) and (3);
- (5) Not a director, supervisor, or employee of a corporate/institutional shareholder that directly holds five percent or more of the total number of issued shares of the company, ranks as of its top five shareholders, or has representative director(s) serving on the company's board based on Article 27 of the Company Law;
- (6) Not a director, supervisor, or employee of a company of which the majority of board seats or voting shares is controlled by a company that also controls the same of the company;
- (7) Not a director, supervisor, or employee of a company of which the chairperson or CEO (or equivalent) themselves or their spouse also serve as the company's chairperson or CEO (or equivalent);
- (8) Not a director, supervisor, officer, or shareholder holding five percent or more of the shares of a specified company or institution that has a financial or business relationship with the company; and
- (9) Other than serving as a remuneration committee member of the company, not a professional individual who, or an owner, partner, director, supervisor, or officer of a sole proprietorship, partnership, company, or institution that, provides commercial, legal, financial, accounting services or consultation to the company or to any affiliate of the company, or a spouse thereof, and the service provided is an "audit service" or a "non-audit service which total compensation within the recent two years exceeds NT\$500,000".

② Operational Status of Remuneration Committee

A. The Company's Remuneration Committee consists of three (3) members.

B. This slate of the Committee is in office from: June 20, 2023 through June 19, 2026, and in the most recent year through to April 30, 2026, the Remuneration Committee has met 7 times (A), with member attendance status as follows:

| Job title | Name | Times actually attending (B) | Times in Attendance by Proxy | Actual attendance rate (%) (B/A) | Remarks |
|-------------------|-----------------|------------------------------|------------------------------|----------------------------------|---------|
| Convener | Chen, Shuei-Jin | 7 | 0 | 100% | None |
| Committee Members | Huang, Chen-Yen | 7 | 0 | 100% | None |
| Committee Members | Shih, Kuen-Ho | 7 | 0 | 100% | None |

Other required disclosure:

I. In the event the Board of Directors does not adopt or amends the proposals of the Remuneration Committee, please state the date and number of the Board meeting, the content of the proposals, determination and any resolution from the Board of Directors, and the method by which the opinion of the Remuneration Committee was handled (e.g., if the salaries and compensations approved by the Board were higher than the levels suggested by the Remuneration Committee, please state the differences and reasons thereof): None.

II. If for any matter under consideration of the Remuneration Committee, any member has a dissenting or qualified opinion, and there is a record thereof or written statement, then the date, session, contents of the proposal, all members' opinions and the handling of the opinions of the member(s) of the Remuneration Committee shall be duly stated: None.

| Meeting Date | Proposal Contents |
|--|---|
| 2025.03.12 | 1.The Company's payment of 2024 remuneration to directors and employees and remuneration to the managers of the Company and its subsidiaries. 2.Proposal for management personnel changes of the sub-subsidiaries. |
| 2025.05.09 | Proposal for the 2025 bonus distribution to managers of the Company. |
| 2025.08.20 | 1.Amendment to the Company's "Human Resources Management Regulations" and "Expatriate Employee Management Regulations". 2.Proposal for the 2025 bonus distribution to managers of the Company. |
| 2025.11.12 | 1.Proposal for the managerial remuneration structure adjustment of the Company. 2.Proposal for the 2025 bonus distribution to managers of the Company. 3.Proposal for management personnel changes of the subsidiaries. |
| 2025.12.23 | Proposal for the bonus to the managers of the Company and its subsidiaries. |
| 2026.03.10 | The Company's payment of 2025 remuneration to directors and employees and remuneration to the managers of the Company and its subsidiaries. |
| 2026.04.14 | Proposal for the 2025 bonus distribution to managers of the Company. |
| Content of any dissenting opinions, qualified opinions, or major suggestions from independent directors: None. | |

Resolution results of the committee and the company's handling of the committee's opinions: All proposals were unanimously approved by the committee members, and the Board of Directors approved all proposals in accordance with the committee's recommendations.

(2) Nominating Committee

- ① The Company's Nominating Committee consists of three (3) members.
- ② This slate of the Committee is in office from: June 20, 2023 through June 19, 2026, and in the most recent year through to April 30, 2026, the Remuneration Committee has met 3 times (A). Members' professional qualification, experience, attendance status and proposals are as follows:

| Job title | Name | Professional Qualification and Experience | Times actually attending (B) | Times in Attendance by Proxy | Actual attendance rate (%) (B/A) | Remarks |
|-------------------|-----------------|---|------------------------------|------------------------------|----------------------------------|---------|
| Convener | Chen, Shuei-Jin | The Company's Nominating Committee is comprised of all 3 independent directors. For members professional qualification and experience, please refer to "the Board Directors' Information" on pages 12-14 of this Annual Report. | 3 | 0 | 100% | None |
| Committee Members | Huang, Chen-Yen | | 3 | 0 | 100% | None |
| Committee Members | Shih, Kuen-Ho | | 3 | 0 | 100% | None |

Other required disclosures:

I. In the event the Board of Directors does not adopt or amends the proposals of the Nominating Committee, please state the date and number of the Board meeting, the content of the proposals, determination and any resolution from the Board of Directors, and the method by which the opinion of the Nominating Committee was handled (e.g., if the salaries and compensations approved by the Board were higher than the levels suggested by the Nominating Committee, please state the differences and reasons thereof): None.

II. If for any matter under consideration of the Nominating Committee, any member has a dissenting or qualified opinion, and there is a record thereof or written statement, then the date, session, contents of the proposal, all members' opinions and the handling of the opinions of the member(s) of the Nominating Committee shall be duly stated: None.

| Meeting Date | Proposal Contents |
|--|--|
| 2025.03.12 | Report on the Nominating Committee's performance self-evaluation results of 2024. |
| 2025.12.23 | Report on the Company's Review of Independent Directors' Qualification and Requirements. |
| 2026.03.10 | 1. Report on the Nominating Committee's performance self-evaluation results of 2025. 2. Proposal for the nomination of director candidates and the removal of non-competition restrictions on the nominated directors |
| Content of any dissenting opinions, qualified opinions, or major suggestions from independent directors: None. | |

Resolution results of the committee and the company's handling of the committee's opinions: All proposals were unanimously approved by the committee members, and the Board of Directors approved all proposals in accordance with the committee's recommendations.

(3) Risk and Investment Decision-Making Committee

- ① The Company's Risk and Investment Decision-Making Committee consists of three (3) members.
- ② This slate of the Committee is in office from: June 20, 2023 through June 19, 2026, and in the most recent year through to April 30, 2026, the Risk and Investment Decision-Making Committee has met 3 times (A), with member attendance status as follows:

| Job title | Name | Professional Qualification and Experience | Times actually attending (B) | Times in Attendance by Proxy | Actual attendance rate (%) (B/A) | Remarks |
|-------------------|-----------------|---|------------------------------|------------------------------|----------------------------------|---------|
| Convener | Chen, Shuei-Jin | The Company's Nominating Committee is comprised of all 3 independent directors. For members professional qualification and experience, please refer to "the Board Directors' Information" on pages 12-14 of this Annual Report. | 3 | 0 | 100% | None |
| Committee Members | Huang, Chen-Yen | | 3 | 0 | 100% | None |
| Committee Members | Shih, Kuen-Ho | | 3 | 0 | 100% | None |

Other required disclosures:

- I. In the event the Board of Directors does not adopt or amends the proposals of the Risk and Investment Decision-Making Committee, please state the date and number of the Board meeting, the content of the proposals, determination and any resolution from the Board of Directors, and the method by which the opinion of the Risk and Investment Decision-Making Committee was handled: None.
- II. If for any matter under consideration of the Risk and Investment Decision-Making Committee, any member has a dissenting or qualified opinion, and there is a record thereof or written statement, then the date, session, contents of the proposal, all members' opinions and the handling of the opinions of the member(s) of the Risk and Investment Decision-Making Committee shall be duly stated: None.

| Meeting Date | Proposal Contents |
|--|---|
| 2025.03.12 | 1.Report on the Investment Risk Decision Making Committee's performance self-evaluation results of 2024. 2.Progress report on the Company's localization of production in Indonesia. |
| 2025.12.23 | Annual implementation report on the Company's "Risk Management Policy". |
| 2026.03.10 | 1.Report on the Investment Risk Decision Making Committee's performance self-evaluation results of 2025. 2.Progress report on the Company's localization of production in Indonesia and its land acquisition and plant construction project. |
| Content of any dissenting opinions, qualified opinions, or major suggestions from independent directors: None. | |

Resolution results of the committee and the company's handling of the committee's opinions: All proposals were unanimously approved by the committee members, and the Board of Directors approved all proposals in accordance with the committee's recommendations.

3.3.5. Sustainable Development Implementation and Deviations from "Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies" and Reasons:

| Items | Implementation Status | | | Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and the Reasons |
|---|-----------------------|----|---|---|
| | Yes | No | Summary description | |
| I. Has the company established a governance framework for promoting sustainable development and a dedicated (concurrent) unit with senior management authorized by the board to implement sustainable development, and the supervision status of the board? | V | | <p>The Company established the "Sustainable Development Management" dedicated unit subordinated to the CEO Office in 2021, and appointed it to report the status to the Board of Directors at least one time in a year. Meanwhile, the Company will have multiple senior managers specialized in different fields review the Company's core operating ability jointly at the Group's summit meeting each year, in order to decide the ESG plan to be adopted.</p> <p>The head of the "Sustainability Management" unit and project leaders report to the Board of Directors on a regular basis regarding the implementation results of sustainability initiatives and future work plans. In 2025, a total of 2 meetings were held, covering the following agenda items:</p> <ol style="list-style-type: none"> 1.Approved the proposal for 2024 Sustainability Report; 2.Report on the Annual Implementation Results of the Company's Sustainable Development (Including the "Sustainable Development Roadmap of Listed Companies" by the FSC); <p>The Board of Directors regularly reviews the reports from the "Sustainability Management" unit. This unit is responsible for formulating corporate sustainability strategies and reporting on their execution. The Board oversees the company's sustainability performance and future initiatives, while major sustainability-related issues and expenditures are submitted for discussion and resolution in accordance with the company's approval authority framework. To further strengthen the corporate governance structure, the Company plans to establish a Sustainability Development Functional</p> | At present there are no major impediments or deviations in implementation. |

| | | | | |
|--|---|--|---|--|
| | | | Committee under the Board of Directors following the election of the fifth term of the Board in 2026, aiming to elevate the decision-making hierarchy and professional supervision of sustainability development. | |
| II. Does the Company follow materiality principle to conduct risk assessment for environmental, social and corporate governance topics related to company operation, and establish risk management related policy or strategy? | V | | The Company has followed materiality principle to conduct risk assessment for environmental, social and corporate governance topics related to company operation, and establish risk management related policy or strategy. Moreover, the Company reported the 2025 sustainable development implementation on the Board of Directors on December 23, 2025. Relevant risk identification and countermeasures please refer to (Note). | At present there are no major impediments or deviations in implementation. |
| III. Environmental issues (I) Has the Company set an environmental management system designed to industry characteristics? | V | | (I)The Company deploys the following environmental management measures: 1.All of the Company's production generated waste, wastewater, and waste material are handled in conformity with the law. 2.The use of electricity, water resources and air conditioning resources complies with established management objectives. 3.One of our main subsidiaries, Sanneng Wuxi, has gained accredited ISO 14001 Environmental Management System certification on June 10, 2025 again, with a validity period from June 10, 2025, to July 1, 2028. On November 25, 2025, gained accredited ISO 50001 Energy Management System certification, to effectively prevent and control environmental pollutions and improve the energy and resource utilization. 4.The subsidiaries of the Company Group have started education and training on the GHG inventory in accordance with ISO 14064-1, and produced 2025 statistics. | At present there are no major impediments or deviations in implementation. |
| (II) Does the company endeavor to utilize energy resources more efficiently and use renewable materials which have low impact on the environment? | V | | (II) 1.Improve the energy efficiency policy (1)Inspect the air conditioning system and retire as well as replace old air conditioning equipment; (2)Retire and replace old mechanical equipment and change them to energy-efficient mechanical equipment; (3)Implement equipment maintenance and improve the performance of | |

| | | | |
|---|----------|---|--|
| <p>(III) Does the Company evaluate current and future climate change potential risks and opportunities and take measures related to climate related topics?</p> | <p>V</p> | <p>equipment operations to reduce energy loss; (4)Add smart water meters and electric meters to monitor energy usage in real-time for timely adjustment; (5)Replace lighting fixtures to energy-efficient ones and add motion sensor light switches at places with lower lighting requirements; (6)Implement education and training for employees and promote various energy saving initiatives; (7)The Company's major subsidiary, Sanneng Wuxi, obtained ISO 50001 Energy Management System certification on November 25, 2025, with a validity period from November 25, 2025, to December 14, 2028. The subsidiary plans to apply for recertification to continue reducing greenhouse gas emissions by improving energy efficiency.</p> <p>2.Use of Recycled Materials Policy</p> <p>(1)Reduce our reliance on natural resources. For example, develop plant fiber products that reduce the usage of plastics and use recycled paper as packaging materials; (2)Recycling policy where the non-stick re-processing will be promoted to reduce mining and consumption of raw materials; (3)The Company has added sawdust powders, oyster shell powders, coffee grounds and other recycled materials into to plastic products to reduce the use of plastic materials by 30% to 50%, which can significantly reduce the consumption of plastic materials. Related products are being promoted.</p> <p>(III) The Company continues to maintain due concern and attention for the impact of climate change on operational activities, and fully considers the effectiveness of energy conservation during product research and development.</p> <p>1.Material risks posed by climate change for companies: The disasters caused by climate change may lead to factory downtime, supply chain disruption, output and sales drops, corporate property loss, and increased operational costs. In addition, society, investors, and shareholders expect the Company to put forth the physical actions to respond to climate change.</p> | |
|---|----------|---|--|

(IV) Does the Company collect data for greenhouse gas emissions, water usage and waste quantity in the past two years, and set greenhouse gas emissions reduction, water usage reduction and other waste management policies?

V

2.Climate change provides opportunities to the enterprise

- (1)In response to the net zero policy of the government and carbon reduction requirement of our customers, we actively develop energy efficient and carbon reduction products;
- (2)Increase the proportion of renewable energy;
- (3)Retire and replace energy-consuming machinery equipment and actively strive for the subsidy for retiring and replacing equipment;
- (4)Improve the utilization of raw materials and reduce the amount of waste.

(IV) The company's 2024 and 2025 statistical data are as follows, and the data coverage includes all subsidiaries in the group.

Unit: t CO₂e/year

| Year | Scope1 | Scope2 | Total .GHG Emissions |
|------|------------|------------|----------------------|
| 2024 | 2,616.6449 | 5,479.0224 | 8,095.6673 |
| 2025 | 2,784.9640 | 5,495.5455 | 8,280.5095 |

Unit: t/year

| Year | Water usage |
|------|-------------|
| 2024 | 50,094.27 |
| 2025 | 46,419.34 |

Unit: t/year

| Year | Hazardous Waste | Non-Hazardous Waste | Waste quantity (tons) |
|------|-----------------|---------------------|-----------------------|
| 2024 | 19.28 | 727.44 | 746.72 |
| 2025 | 23.91 | 697.35 | 721.26 |

| | | | |
|--|--|---|--|
| | | <p>The Company's related management policies:</p> <p>1. Greenhouse gas emissions:</p> <p>Due to global warming, the greenhouse effect has brought impact to humans. The Group lives up to the principle "To become a promoter of cookware safety, environmental protection, energy conservation and carbon reduction" as its mission. We completely review the supply chain of raw materials, high-performing product design, and production processes, and comply with the net zero timetables declared by each country and the net zero pathway and strategies of the government.</p> <p>Sanneng Wuxi had installed solar panels on the rooftop of the factories for annual capacity of 1.25 GWh in the end of 2023. From 2024 to 2025, these panels generated a total of 2.63 GWh, accounting for about 15.5% of the electricity consumption of Sanneng Wuxi, while evaluating the feasibility of installing solar panels on the rooftop of the factories of Sanneng Taiwan.</p> <p>In addition, the carbon reduction effect of our products and services for our customers or consumers are shown below:</p> <ul style="list-style-type: none"> (1)Product packages and packaging materials: use the renewable materials, reasonable packages and minimize waste to lower the burden of customers or consumers; (2)Energy-saving product R&D: provide products with low power consumption to reduce energy consumption and carbon emissions for customers or consumers; (3)Promote the non-stick re-processing business: after the environmental non-stick re-processing technology is used for the old bakeware of customers, they can be reused for the cyclic economy to save costs of buying new ones and reduce carbon emissions by using fewer raw materials. <p>2. Water usage:</p> <ul style="list-style-type: none"> (1)Update the water purification machines, improve the water usage efficiency, and reduce the amount of tap water used; (2)Recover and reuse water resources; treat wastewater to reuse water and reduce the need for tap water; | |
|--|--|---|--|

| | | | | |
|---|----------|--|--|---|
| | | | <p>(3)Promote water resource conservation; promote water saving devices, facilities, technologies, and behavior change to effectively conserve water resources.</p> <p>3.Waste:</p> <p>(1)Sort and recycle waste, facilitate the recycle and re-use, and reduce impact of waste on the environment;</p> <p>(2)Reduce unnecessary packaging, and develop recycling and reuse packaging materials;</p> <p>(3)Enhance education and promotion, raise awareness about waste management and reduction, and facilitate waste reduction.</p> <p>The above-mentioned information is shown by our internal inventories.</p> | |
| <p>IV. Social issues</p> <p>(I) Does the Company formulate appropriate management policies and procedures according to relevant regulations and the International Bill of Human Rights?</p> | <p>V</p> | | <p>(I) In accordance with the "Human Right Policy", the Company adheres to the principles of the "United Nations Global Compact", the "Universal Declaration of Human Rights", and the "International Labour Organization's Declaration on Fundamental Principles and Rights at Work". This policy applies to suppliers and all employees, including contract employees and interns. The Company also ensures that its global operations comply with local labor laws and regulations. The Company actively implements the following principle:</p> <p>1.The Company's Commitment:</p> <p>(1)The Company strongly believe that respecting, protecting human rights and providing relevant education and training are the basis and foundation of its sustainable business operation;</p> <p>(2)Everyone will be treated equally in language, attitude and behavior despite one's gender, race, social status, age, marital status, family status, language, religion, party affiliation, nationality, appearance, facial features, and mental/physical handicap, etc;</p> <p>(3)Employment policy of equal opportunity and fairness in employment, salary benefits, training, evaluation, and promotion will be ensured. Effective and appropriate complaint channel and mechanism will be</p> | <p>At present there are no major impediments or deviations in implementation.</p> |

provided to respond to and avoid any violation of employee rights. Efforts will be made to create equal employment and to eliminate prejudice and harassment in the workplace;

Employee Structure by Gender

Unit: Person

| Year | Contract Type | Employment Contract | | | Employment Type | | |
|------|---------------|---------------------|--------------------------------------|-----------------------------------|----------------------|-----------|-----------|
| | Gender | Regular Employment | Temporary Staff (Contract Employees) | Temporary Staff (Migrant Workers) | Non-guaranteed Hours | Full-time | Part-time |
| 2025 | Female | 290 | 2 | 0 | 0 | 290 | 2 |
| | Male | 412 | 35 | 0 | 0 | 412 | 35 |
| | Total | 702 | 37 | 0 | 0 | 702 | 37 |
| 2024 | Female | 277 | 5 | 0 | 0 | 277 | 5 |
| | Male | 399 | 61 | 0 | 0 | 399 | 61 |
| | Total | 676 | 66 | 0 | 0 | 676 | 66 |
| 2023 | Female | 279 | 12 | 0 | 0 | 279 | 12 |
| | Male | 402 | 45 | 0 | 0 | 402 | 45 |
| | Total | 681 | 57 | 0 | 0 | 681 | 57 |

Note: The scope of the data includes the Company and all its subsidiaries.

Employee Structure by Age

Unit: Person

| Year | Gender | Age | | | | Percentage |
|------|--------|----------|-------|---------|-------|------------|
| | | Under 30 | 31-50 | Over 50 | Total | |
| 2025 | Female | 36 | 234 | 22 | 292 | 40% |
| | Male | 51 | 308 | 88 | 447 | 60% |
| 2024 | Female | 34 | 231 | 17 | 282 | 38% |
| | Male | 75 | 312 | 73 | 460 | 62% |

| Year | Gender | Age | | | | Percentage |
|------|--------|----------|-------|---------|-------|------------|
| | | Under 30 | 31-50 | Over 50 | Total | |
| 2023 | Female | 41 | 234 | 16 | 291 | 39% |
| | Male | 66 | 320 | 61 | 447 | 61% |

Note: The scope of the data includes the Company and all its subsidiaries.

(4) Human rights issues will be taken into consideration in all aspects of the value chain of the Company's operation, which including matters regarding our employees, customers, suppliers and the society;

(5) As a corporate citizen, the Company actively offers support to the disadvantaged and provides emergency aid locally and internationally in a responsive way.

2. The Company's Principles:

(1) Reasonable working hours: In order to ensure that employees are not exposed to the risk of excessive working hours, the Company has formulated rules of working hours and extending working hours and regularly checks on and manages the attendance of employees;

(2) Workplace health and safety: In order to avoid potential threats to health and safety posed in the working environment, the Company regularly reviews the health and safety risks of the employees and implements improvement plans according to the results;

(3) Freedom of association: The Company ensures the freedom of association and the freedom of negotiation for employees;

(4) Labor-management consultation: The Company establishes a smooth communication channel and holds regular labor-management meetings to protect the rights and interests of both parties;

(5) Protection of privacy: The Company has established "Personal Data Protection Management Regulations", which apply to all employees (including temporary employees), as well as vendors and consultants that conduct business with Sanneng Group (including their employees and temporary staff). To fully protects the privacy of customers and

all stakeholders and ensures that the collection and use of personal data comply with regulatory requirements;

2025 Training Course Attendance and Total Hours

| Training Topics / Discussion Issues | Attendees | Total Training Hours |
|---|------------|----------------------|
| Mobilization Meeting- Trade Secrets Protection | 80 | 16.0 |
| New Hire Orientation- Information Security | 109 | 54.5 |
| New Hire Orientation- Integrity & Anti-Corruption Advocacy | 109 | 54.5 |
| Information Security Awareness Promotion | 281 | 472.0 |
| Total | 579 | 597.0 |

Note: The scope of the data includes the Company and all its subsidiaries.

- (6) Forced labor and child labor are prohibited;
- (7) All forms of discrimination, bullying and harassment are disapproved;
- (8) Corruption and bribery are forbad.

3. Implementation Plan:

To fulfill corporate social responsibility and achieve sustainable development goals, the Company has fully implemented operational principles and action mechanisms that uphold fundamental human rights in accordance with its "Human Rights Policy". These efforts span employee rights, operational processes, supply chain management, and social engagement, ensuring that "respect for people" and "doing the right thing" are embedded into both the Company's systems and culture.

The specific outcomes are as follows:

- (1) Non-Discriminatory Hiring Policy: Recruitment and employment guidelines have been established to strengthen anti-discrimination provisions, accompanied by interview training for HR personnel and hiring managers;
- (2) Fair Compensation and Promotion: A competency-based compensation and promotion system has been established, implementing policies that eliminate gender-based pay gaps;

(3)Occupational Health and Safety Management: Annual health checkups are provided for employees. Occupational risk levels are categorized by job type, and environmental, health, and safety risks are reviewed and improved in accordance with regulations. A total of 58 individuals with abnormal health check results for the Company and Sanneng Taiwan were tracked and managed in 2025;

Unit: Person

| Health screening tiers in 2025 | | | | |
|--------------------------------|---------|---------|---------|---------|
| Quarter \ Level | Level 1 | Level 2 | Level 3 | Level 4 |
| Q1 | 0 | 2 | 0 | 0 |
| Q2 | 1 | 2 | 2 | 10 |
| Q3 | 0 | 4 | 2 | 10 |
| Q4 | 0 | 15 | 10 | 0 |

Note: 1.Level 1 is Self-Health Management.

2.Level 2 is Re-examination and health education recommended.

3.Level 3 is Requires medical treatment and health consultation.

4.Level 4 is Requires immediate medical attention and doctor's consultation.

(4)Grievance Mechanism: An anonymous grievance platform has been implemented. Independent personnel are assigned to handle complaints, and an investigation committee is formed for valid cases to ensure fair and impartial review;

(5)Anti-Discrimination and Harassment Training: The Company and Sanneng Taiwan conducted "Workplace Misconduct Prevention" training during the Q4 2025 mobilization meeting. Out of 122 expected participants, 80 attended, representing a 65.6% completion rate;

(6)Leadership Development on Inclusion: Management is provided with training on unconscious bias and psychological safety to strengthen inclusive leadership practices and culture.

The Company firmly believe that respect for human rights is not merely a policy statement but a matter of day-to-day practice and attention

| | | | |
|--|----------|--|--|
| <p>(II) Has the Company established appropriately managed employee welfare measures (include salary and compensation, leave and others), and link operational performance or achievements with employee salary and compensation?</p> | <p>V</p> | <p>to detail. The Company remains committed to continuous improvement, aligning with international trends, and making human rights a core part of its corporate culture and governance framework to realize sustainable business operations.</p> <p>(II) The Company complies with the relevant rules and regulations to introduce welfare measures and salary that is competitive in the industry to motivate employees. Additionally, the Company has established a regular performance appraisal system, under which performance bonuses are awarded based on evaluation results to appropriately recognize employee contributions and share operating achievements with our staff.</p> <p>To help ensure employees' financial security after retirement, The Company and its subsidiaries make pension contributions or pays old-age insurance or retirement pension premiums for employees in accordance with applicable local laws and regulations, with such payments deposited into designated accounts. The Company and Sanneng Taiwan have established employee retirement regulations in accordance with the Labor Pension Act, under which 6% of each employee's monthly salary is contributed to the individual pension account maintained by the Bureau of Labor Insurance. Subsidiaries located in Mainland China make contributions to old-age insurance funds in accordance with local government regulations, based on a prescribed percentage of payroll, and remit such contributions to the relevant government authorities for deposit into each employee's individual account.</p> <p>The Company's Articles of Association specifies that, if the Company makes a profit in a year, the Company accrued employees' compensation at rates of 2%-10% of net profit before income tax. The employees' compensation may be allocated from the range specified in the Articles of Association.</p> <p>The calculation of the Company's employees' compensations are based on the profits based on each subsidiary's management performance, deducting 10% legal capital reserve, and then allocated from the range specified by each subsidiary. The employees' compensations are</p> | |
|--|----------|--|--|

distributed to relevant employees based on the weights assigned to each rank. This calculation method has been specified in the Company's performance management method, and available for employees to query on the internal website.

In terms of employee benefits, the Company has formed an Employee Welfare Committee to plan and offer great benefits including domestic and overseas travel subsidies, attendance bonuses, birthday gifts, marriage allowances, maternity allowances, funeral allowances, hospitalization allowances, as well as cash gifts for the three major festivals and New Year celebration activities, etc. The Company offers employee benefits such as group insurance, health checks and meal subsidies. Regarding the leave system, special leaves are provided in accordance with the relevant rules and regulations. For colleagues who need longer leaves due to childcare, major injuries, major accidents, etc., they may also apply for leave without pay to take care of personal and family needs.

Realize workplace diversification and equality; men and women enjoy equal pay for equal work and equal promotion opportunities. In 2025, the average proportion of female employees at the Company and its subsidiaries was 40% and women in managerial positions represented an average of 40%.

Unit: Person

| 2025 | Employee | Average percentage | Team leader and above | Average percentage |
|--------|----------|--------------------|-----------------------|--------------------|
| Male | 447 | 60% | 89 | 60% |
| Female | 292 | 40% | 59 | 40% |
| Total | 739 | 100% | 148 | 100% |

The Company values the rights and benefits of employees. Concerning hardware facilities, it provides free parking lots, fitness centers, reading areas stocked with books, newspapers and magazines, as well as nursing rooms and employee cafeterias. To let employees enjoy a comfortable, clean rest space during break time, the Company has set aside a bed area for them. The Company and its subsidiaries regards employees as the

core asset for sustainable corporate development. We are committed to creating a friendly and supportive workplace environment through a dual approach focused on preventive medicine and health promotion. Based on the analysis and follow-up classification of the 2025 employee health examination reports of the Company and Sanneng Taiwan, we planned and implemented measures relating to employee health education, hygiene guidance, physical and mental health protection, and health promotion, and provided 60 health education communications.

Unit: Person

| Health guidance types in 2025 | | | | |
|---|----|----|----|----|
| Quarter | Q1 | Q2 | Q3 | Q4 |
| Follow-up on health check | 0 | 0 | 0 | 0 |
| Health check abnormality tracking | 16 | 18 | 29 | 16 |
| Special Hazard Operations - Noise | 2 | 1 | 9 | 0 |
| Special Hazard Operations - Dust | 0 | 1 | 4 | 0 |
| Tracking of Physical Abnormalities in New Employees | 11 | 10 | 3 | 12 |
| Harm of Violence | 5 | 1 | 1 | 1 |
| Abnormal workload | 3 | 6 | 3 | 1 |
| Musculoskeletal prevention | 1 | 1 | 1 | 0 |
| Psychological care | 0 | 1 | 2 | 2 |
| Health Consultation | 1 | 2 | 1 | 3 |
| Job fitness assessment | 1 | 1 | 3 | 0 |
| Total | 40 | 42 | 56 | 35 |

(III) Does the Company provide employees with a safe and healthy working environment, with regular safety and health training?

V

(III) 1. The Company assiduously endeavors to provide employees with a safe and healthy working environment. Besides providing new employee health check-ups and periodic health check-ups for employees, we also deploy labor insurance preventive occupational disease special health check-ups for direct production line staff, offer new employees pre-service occupational safety and hygiene education and training, and comply with mandatory occupational safety and health act required training.

To ensure workplace safety and promote sustainable development,

| | | | | |
|--|--|--|--|--|
| | | | <p>Sanneng Wuxi obtained ISO 45001 certification for its Occupational Health and Safety Management System on July 2, 2019, and obtained recertification in 2025. The current certificate is valid from June 10, 2025 to July 1, 2028. Through systematic management, Sanneng Wuxi effectively reduces occupational risks, ensures workplace safety, and complies with applicable regulatory requirements.</p> <p>Additionally, the Company has adopted guidelines governing "Prevention, Correction, Receiving Complaints, and Punishment regarding Sexual Harassment in the Workplace." These guidelines provide a means for filing complaints, protecting the work environment order, establishing emergency handling procedures, and implementing safety maintenance measures and training for emergency and disaster response capabilities. We extend an annual invitation to local fire departments or professional fire consultants to deploy to the factory campus for fire prevention lectures and training lessons.</p> <p>2.The Company has infirmary or first aid kit to offer employees emergency medical assistance, as well as perform employee health promotion and management. Meanwhile, the Company has established on-site labor health consultation and nursing services, implementing health management measures such as ergonomic hazard prevention, prevention of abnormal workload-induced diseases, maternal health protection, etc. The purpose is also to analyze employees' health risks and intervene in time to provide special protection as well as preventive care and management.</p> <p>3.Compared to the past, the company has placed greater emphasis on employee safety and has included near-miss incidents in comprehensive reviews and analyses. In 2025, there were 19 occupational safety and health incidents, of which 15 were near-miss cases and 4 involved minor injuries. Analysis indicated that these incidents were primarily commuting accidents and minor workplace injuries, accounting for 0.54% of the entire workforce. In order to protect employees' safety, the Company regularly conducted occupational education and training and promotion and reviews the implementation status of the occupational safety campaigns at the monthly management meetings and staff</p> | |
|--|--|--|--|--|

| | | | |
|--|----------|---|--|
| <p>(IV) Has the Company established effective career development training plans?</p> | <p>V</p> | <p>meetings. Furthermore, it also analyzed occupational accidents to adopt relevant measures to prevent the accidents from recurring. Meanwhile, the Company organized occupational safety awareness promotion and relevant competitions from time to time, where the occupational safety implementation status was incorporated into the department's performance appraisal. This is to enhance the employees' awareness of occupational and traffic safety and mitigate the occurrence of occupational accidents.</p> <p>4.In 2025, there were no fire incidents. To enhance the fire prevention and emergency response capabilities, the Company invite local fire departments or specialized fire consultants to conduct fire safety seminars and drills at our factory annually. This ensures that personnel can respond promptly and effectively to emergencies.</p> <p>(IV) The Company has always been steadfastly committed to manpower development and cultivation, endeavoring to provide employees with an open and diverse learning environment, so colleagues can enjoy internal and external training, along with management and peer-mediated guidance, for continuous self-improvement and growth. We concomitantly deploy the new employee professional skills training system to afford employees the highest level of work satisfaction. Also, through work rotations, special project and overseas assignments, our colleagues enjoy mutually synergistic career planning and occupational development, affording them to enjoy their skills growth and build a work platform for happy learning and growth for a better future together.</p> <p>The Company has established "Human Resource Management Procedures", which at the end of each year plan for the next year's annual education and training efforts, deploying occupational skills and professional requirements to plan for training courses which will enhance employee capabilities, strengthening overall employee competencies and advancing operational efficacy. For managers in leadership positions, an annual team alignment workshop is held each year to collectively learn and enhance management awareness and skills. In addition, for senior executives, we offer periodic management courses and activities in leadership, strategy and implementation, to enhance their management</p> | |
|--|----------|---|--|

| | | | | |
|--|--|--|--|--|
| | | | <p>and leadership skills, as well as their macro vision and perspective.</p> <p>The Company schedules annual educational training plan implementation of the following training courses:</p> <p>1.New employee pre-service training: including company organization, operating systems, culture and values, quality management, systems operations overview, work task introduction, professional aptitude training and transmission. When new employees report for work we offer a comprehensive pre-service training plan, ensuring new hires can most expeditiously deploy to participate in their actual work.</p> <p>2.Professional training:</p> <p>(1)Internal training offerings: These are taught by colleagues with extensive experience and seniority and have undergone internal training evaluation or department supervisors, providing all the technical skills and professional training course arrangements needed, to enhance employee's personal values and sense of responsibility, adapting work related attitudes and work perceptions while strengthening professional competencies to advance existing work productivity and efficiency as the core to future career development preparation.</p> <p>(2)External training offerings: Each year an education and training budget is prepared, with deployment of personnel to professional training institutions for coursework to attain the latest external professional knowledge and technical proficiencies, while encouraging staff to undertake in-service continuing education.</p> | |
|--|--|--|--|--|

**2025 Total Employee Training Attendance and Hours
-by Job Category and Gender**

Unit: Person

| Year | Number of Employees | Management | Non-management | Total |
|------|---------------------|------------|----------------|-------|
| 2025 | Female | 441 | 1,906 | 2,347 |
| | Male | 864 | 3,198 | 4,062 |
| | Total | 1,305 | 5,104 | 6,409 |

- Note: 1. Management refers to employees at the level of team leader and above.
 2. Non-management refers to all personnel excluding supervisors at the team leader level and above.
 3. The scope of the data includes the Company and all its subsidiaries.

Unit: hours

| Year | Education and Training Hours | Management | Non-management | Total |
|------|------------------------------|------------|----------------|--------|
| 2025 | Female | 1,738 | 4,088 | 5,826 |
| | Male | 2,713 | 6,567 | 9,280 |
| | Total | 4,451 | 10,655 | 15,106 |

- Note: 1. Management refers to employees at the level of team leader and above.
 2. Non-management refers to all personnel excluding supervisors at the team leader level and above.
 3. The scope of the data includes the Company and all its subsidiaries.

2025 Average Training Hours per Employee per Year

Unit: hours

| Year | Average Hours | Management | Non-management | Total |
|------|---------------|------------|----------------|-------|
| 2025 | Female | 4 | 2 | 3 |
| | Male | 3 | 2 | 3 |
| | Total | 4 | 2 | 3 |

- Note: 1. Management refers to employees at the level of team leader and above.
 2. Non-management refers to all personnel excluding supervisors at the team leader level and above.
 3. The scope of the data includes the Company and all its subsidiaries.

| | | | |
|--|----------|---|--|
| <p>(V) Does the Company's product and service comply with related regulations and international rules for customers' health and safety, privacy, sales, labelling and set polices to protect consumers' or customers' rights and consumer appeal procedures?</p> | <p>V</p> | <p>(V) The Company has a point of contact designated on company's website and dedicated customer service lines to accept consumer complaints, ensuring specified handling quality and responding to customer issues.</p> | |
| <p>(VI) Does the Company set supplier management policy and request suppliers to comply with related standards on the topics of environmental, occupational safety and health or labor right, and their implementation status?</p> | <p>V</p> | <p>(VI) Supplier Management Policy Implementation Status</p> <p>The Company attaches great importance to supply chain sustainability, having established supplier management policies ensuring key suppliers to comply with relevant laws and standards regarding environmental protection, occupational health and safety, and labor rights.</p> <p>The specific measures are as follows:</p> <ol style="list-style-type: none"> 1. Supplier Introduction Evaluation: Conduct detailed surveys of new suppliers to evaluate their policies and practices regarding environmental protection, occupational health and safety, and labor rights. To ensure suppliers' business philosophies are consistent with those of the Company. 2. Strict Supplier Entry Screening: The Company integrate environmental, safety, and labor standards into our supplier screening process, prioritizing the inclusion of compliant suppliers into our partnership network. 3. Continuous Monitoring and Improvement: The Company maintain close collaboration with existing suppliers and drive continuous improvement on key issues through regular reviews and communication. In 2025, Sanneng Wuxi conducted surveys covering 39 suppliers, with 13 recognized for excellent performance; meanwhile, Sanneng Taiwan surveyed 53 suppliers, identifying 21 with outstanding performance. 4. Empowering Supplier Growth: The Company proactively provide | |

| | | | | |
|--|---|--|---|--|
| | | | <p>training and guidance to help suppliers improve their performance in environment, safety, and labor rights, thereby strengthening their compliance capabilities. Furthermore, 131 suppliers of Sanneng Wuxi and 52 suppliers of Sanneng Taiwan have signed the "Supplier Code of Conduct," demonstrating their firm commitment to regulatory compliance.</p> <p>The Company is committed to building a responsible and sustainable supply chain. These measures ensure the effective implementation of our supplier management policies.</p> | |
| V. Does the Company refer to international reporting rules or guidelines to publish Sustainability Report to disclose nonfinancial information of the Company? Has the said Report acquire 3rd certification party verification or statement of assurance? | V | | <p>The Company's 2024 Sustainability Report, published in 2025 in accordance with international reporting standards or guidelines, adheres to the Global Reporting Initiative (GRI) 2021 Standards as its disclosure principles. The report also incorporates the Sustainability Accounting Standards Board (SASB) standards and the Task Force on Climate-related Financial Disclosures (TCFD) framework. Furthermore, it is prepared in compliance with the Taiwan Stock Exchange Corporation "Rules Governing the Preparation and Filing of Sustainability Reports by TWSE Listed Companies" and the "Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies," providing stakeholders with specific details on the sustainable development initiatives and performance of San Neng Group Holdings Co., LTD.</p> <p>Independent limited assurance for this report was conducted by Deloitte & Touche in accordance with TWSAE3000—"Assurance Engagements Other than Audits or Reviews of Historical Financial Information" (equivalent to the international standard ISAE 3000 Revised) issued by the Accounting Research and Development Foundation (ARDF) of the Republic of China. The relevant assurance statement or report is disclosed within the 2024 Sustainability Report.</p> | At present there are no major impediments or deviations in implementation. |
| VI. If the Company has established its sustainable development code of practice according to "Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies," please describe the operational status and differences: The Company has already established "Sustainable Development Best Practice Principles", and to date internal corporate operations and the provisions of the guidelines have seen no discrepancies or deviations. | | | | |
| VII. Other important information to facilitate better understanding of the Company's implementation of sustainable development: | | | | |

On December 23, 2021, the Company has proposed an amendment to the "Corporate Social Responsibility Best Practice Principles" and renamed the "Sustainable Development Best Practice Principles" to the Board of Directors to facilitate the effectiveness of its sustainable development performance.

1. Environmental Protection:

- (1) Addition of sawdust powders, oyster shell powders, coffee grounds and other recycled materials into to plastic products to reduce the use of plastic materials by 30% to 50%, which can significantly reduce the consumption of plastic materials.
- (2) For five consecutive years, the Company invited all colleagues and their family and friends to participate in the beach cleaning activity, in order to guard the environment on the coastlines of Taiwan physically and reduce the contamination posed by waste to the ecology.

2. Community Services and Social Contributions:

- (1) In November 2025, the Company's key subsidiary, Sanneng Taiwan, held an Anniversary Sale event at its Dali facility in Taichung. In addition to promoting its products, the event was designed to benefit the local community. An "early bird ticket" program was launched exclusively for nearby residents, offering them early access to special offers and complimentary gifts, thereby fostering mutual prosperity with the surrounding neighborhood. The event took place over four days from November 14 to November 16, with 30 early bird tickets available per day, benefiting a total of 90 local residents.
- (2) Sanneng Taiwan is located in the Dali Industrial Zone at the border of Taiping and Dali Districts in Taichung City. In its recruitment efforts, the Company places special emphasis on community inclusion. As a result, 52% of its workforce resides in either Dali or Taiping District, supporting local employment and aligning with the Company's commitment to hiring from the communities in which the Company operates.

3. Consumer Rights:

The Company has established a consumer complaint handling mechanism to identify the source of the problem and responsibility for customer complaints, tasking the relevant units to make improvements to ensure protection of consumer rights, periodically conducting customer satisfaction surveys to make certain consumers enjoy the best service.

4. Human Rights and Safety and Health:

- (1) The Company has established an Employee Welfare Committee, which has been duly registered with the competent government authority, and appropriates funding on a monthly basis. The employee welfare committee provides employees with domestic and international travel activities, holiday bonuses, birthday bonuses and so on. The employee welfare committee also offers price discounts with certain stores to encourage employees to do leisure activities outside working hours to reach a work-life balance.
- (2) To ensure the safety and health of employees, the Company provides superior annual health examinations to employees more superior than statutory requirements, and advanced examinations are provided to senior managers. For employees working on the manufacturing site, various inspection related to hearing protection has been enhanced and are concurrently implemented in a workplace environment with noise levels lower than 85 decibels, showing our commitment to building a healthy and safe work environment.
- (3) Enhanced operational safety protection, and provided protective shoes to frontline operators to ensure employees' operational safety.

Note: ESG risk identification and management strategy

| ESG Topic | Risk Type | Implementation of risk management |
|-------------|---|--|
| Environment | Environmental Protection and Carbon Reduction | <ol style="list-style-type: none"> 1. In 2022, the Company established an environmental issue project, in line with the policy of organizing greenhouse gas inventory and verification in the "Sustainable Development Roadmap of Listed Companies" issued by the Financial Supervisory Commission, with the Group Director of Technology Research as the person in charge, distinguishing all subsidiaries of the Company as boundary 1 and boundary 2, and appointing the person in charge of the boundary to organize the greenhouse gas inventory operation planning and implementation in accordance with the "ISO 14064-1:2018" required by the Financial Supervisory Commission. In 2025, the San Neng Group (the parent company and its subsidiaries of the consolidated financial statements) has completed the disclosure of the Scope 1 and Scope 2 data based on the "ISO 14064-1:2018" greenhouse gas inventory. This information is featured in 2025 Sustainability Report, Annual Report for the Shareholders' meeting, and through the announcements on the Market Observation Post System (MOPS). Additionally, the Company conducted its first Scope 3 inventory for employee commuting in 2025, with the results published on official website. 2. Sanneng Wuxi, an important subsidiary of the Company, has completed the installation of solar power generation in the A/B/D/E/administration building in February 2024. From 2024 to 2025, these panels generated a total of 2.63 GWh, accounting for about 15.5% of the electricity consumption of Sanneng Wuxi 3. Sanneng Wuxi, an important subsidiary of the Company, successfully maintained the annual re-evaluation certification of the "ISO 14001:2015" environmental management system in 2025, and obtained the "High-tech Enterprise" certificate in Jiangsu Province again in 2025, both of which are valid for the period 2025-2028, representing the Company's recognition in environmental protection. It has also obtained Wuxi specialized, special and new small and medium-sized enterprises for a period of 2023-2025. 4. Sanneng Wuxi, an important subsidiary of the Company, has obtained the carbon footprint verification certificate of aluminum alloy non-stick baking tray (SN1072) and plastic meal basket (DS2040173) in the application for green factory (according to ISO 14067:2018 audit). |
| Social | Social welfare | <ol style="list-style-type: none"> 1. In order to strengthen the ESG concept of internal employees, the company organizes and participates in the following activities: beach cleanup, tree planting, lake walking, blood donation and other activities, hoping to achieve the goal of internalizing the ESG concept of employees through actual participation in activities. 2. In the 2024, the important subsidiaries Sanneng Taiwan and Sanneng Wuxi completed the signing of the "Supplier Sustainability Responsibility Commitment" for the top 10 suppliers Furthermore, they completed "Supplier Sustainability Management Policy" in 2025 to strengthen supply chain management. 3. In November 2025, the Company extended its philanthropic reach to Kathmandu, Nepal, to support the Lovelight Home Orphanage through a comprehensive donation of baking tools, aiming to bring the joy of creativity and learning to the children |

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| | | <p>ahead of the Christmas season. The donation comprised an array of professional-grade Sanneng baking pans, toast moulds, flour sifters, scrapers, piping nozzles, and waffle tools, as well as pastry brushes, high-heat resistant oven mitts, and various educational aids. Each item embodies Sanneng's unwavering commitment to quality and symbolizes the global extension of our professional baking spirit.</p> |
| | <p>Occupational Safety</p> | <p>San Neng Group continues to strengthen its occupational safety and health (OSH) management, in accordance with legal requirements and international standards, actively creating a healthy, safe, and secure working environment. The Company regard our employees as the company's most valuable assets and promote OSH management through systematic and institutionalized approaches to reduce operational risks, safeguard employee well-being, and enhance overall business resilience.</p> <p>To ensure workplace safety, the Company have implemented the following measures:</p> <p>1.Regular Health Checkups and High-Risk Operations Management:</p> <p>All employees undergo annual health examinations in accordance with legal requirements. For employees working on the manufacturing site, we further strengthen control by ensuring that noise levels do not exceed 85 decibels (surpassing regulatory standards), to building a healthy and safe work environment for all.</p> <p>2.Promotion of On-Site Medical and Health Services:</p> <p>Since 2020, Sanneng Taiwan has established on-site occupational health services staffed by medical professionals. A worker health services program has been formulated, targeted follow-up, and case management as required by regulations. Regular health seminars and consultation services are also provided to enhance workplace health awareness.</p> <p>3.Institutionalized Occupational Safety Mechanisms:</p> <p>An Occupational Safety and Health (OSH) Committee, involving senior management, has been established, along with dedicated personnel responsible for coordinating and implementing OSH policies. For employees in potentially high-risk roles, we conduct on-the-job training and preventive work assessments to strengthen risk identification and emergency response capabilities.</p> <p>4.Adoption of International OSH Standards:</p> <p>Sanneng Wuxi first obtained ISO 45001:2018 Occupational Health and Safety Management System certification in 2019 and obtained recertification in June 2025. The current certificate is valid until July 1, 2028. Sanneng Wuxi continues to maintain and improve upon the certified scope.</p> <p>Sanneng Wuxi obtained ISO 45001 certification for its Occupational Health and Safety Management System on July 2, 2019, and obtained recertification in 2025. The current certificate is valid from June 10, 2025 to July 1, 2028.</p> <p>5.Cultivation of a Safety Culture with Full Participation:</p> |

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| | | <p>Employees are encouraged to proactively report potential hazards. Through safety audits, regular reviews, and training programs, we reinforce safe behavior and team response capabilities. The Company are committed to fostering a "zero-incident" workplace culture that embodies the core spirit of the "Social" aspect of ESG.</p> |
| | Product Safety | <p>1.The Company's products comply with various government laws and regulations, and are controlled by the strict quality system in order to provide customers with stable product quality. Meanwhile, in order to ensure the availability of service hotline and communication website to customers, the Company will conduct the customer satisfaction survey voluntarily each year, strengthen the collaborative relationship with customers, and develop the relationship of mutual benefit and common prosperity with customers to lay the foundation for corporate sustainability.</p> <p>2.In order to transfer the risk over product liability, improve the product safety, protect consumers' interests and rights and fulfill the corporate sustainability responsibility, the Company has maintained the product liability insurance for all products.</p> <p>All products manufactured by the Company strictly comply with the Act Governing Food Safety and Sanitation. Furthermore, we actively engage SGS, an independent third-party certification body, to conduct rigorous testing, thereby ensuring that all products sold to consumers fully conform to regulatory standards.</p> |
| Corporate Governance | Strengthen the Functions of Directors | <p>1.In order to make directors understand the relevant rights, responsibilities and legal responsibilities, the directors plan annual training every year, and provide the latest laws and regulations of directors and the latest norms of the competent authority. In 2025, all directors and independent directors met the requirements of the competent authority.</p> <p>2.Purchase directors' liability insurance for directors, when the directors have performed their duties as good managers, and protect them from lawsuits or claims.</p> |
| | Communicate with Stakeholders | <p>1.The Company analyzes the situation of important stakeholders and important issues concern to various stakeholders from the perspective of various stakeholders, including shareholders, employees, customers and suppliers.</p> <p>2.Establish the communication channels with various stakeholders actively communicate with them proactively, and set up investor mailboxes and corresponding windows for employees, customers and suppliers, and have specialized personnel responsible for responding. In case of important issues, relevant meetings of stakeholders will be held, and the corresponding units will communicate and coordinate.</p> <p>3.The stakeholder communication is reported to the Board of Directors annually.</p> |
| | Labor Relations | <p>The Company, following its annual plan of human resource demand, recruits high-performing talents through diverse recruitment channels, draft talent training program and strengthen talent training while focusing on developing and retaining its employees.</p> |

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| | Ethical Corporate Management | <p>The Company has set up a dedicated unit for promoting ethical corporate management which reports the implementation to the Board at least once a year to assist the Board in assessing the effectiveness of the ethical corporate management. The Company has adopted "Ethical Corporate Management Best Practice Principles," "Code of Employee Ethical Conduct," "Procedures and Behavioral Guidelines of Ethical Corporate Management," "Job Authority and Deputy System Management Regulations," internal control systems and "Whistleblowing and Grievance Management Regulations," has implemented audits and self-evaluation and has established a whistleblowing system to prevent corruption and any violations of ethical conduct.</p> |
| | Consumer Privacy | <p>The Company rigorously protects the confidentiality of trade secrets, highly values intellectual property such as trademarks, patents and works, and has formulated the "Management Guidelines for Intellectual Property Rights" to ensure the protection of consumer privacy.</p> |

3.3.6. Implementation of Climate-Related Disclosure

| Item | Implementation Status | | | | | | | | | | | | | | | |
|--|--|---|---|---|------------------|---------------------|------------|--------------------------|------------------------------|--|--|-----------|---------------|---|---|---|
| <p>I. Description of the supervision and governance of climate-related risks and opportunities by the Board of Directors and management.</p> | <p>The Management Center is convening the Group Summit to engage senior executives from diverse subsidiaries in discussions about the company's decision-making process and response to climate change. The Research and Development Center is tasked with spearheading relevant initiatives to guarantee the execution of these policies. The Board of Directors has sanctioned a number of substantial proposals and reports related to climate change for fiscal year 2025. These include the 2025 compilation, analysis, and inventory reports of carbon emissions, energy, water, and waste data for the year 2024. In the future, the Board of Directors will receive routine updates on the company's progress and operational plans. This will equip board members with a more comprehensive understanding of the company's initiatives, allowing them to offer prompt feedback and recommendations.</p> | | | | | | | | | | | | | | | |
| <p>II. Description of how identified climate-related risks and opportunities affect the company's business, strategy, and finances. (short-term, medium-term, long-term)</p> | <table border="1"> <thead> <tr> <th data-bbox="719 608 904 644">Time Frame</th> <th data-bbox="904 608 1128 644">Risk Category</th> <th data-bbox="1128 608 1435 644">Risk Factor</th> <th data-bbox="1435 608 1771 644">Financial Impact</th> <th data-bbox="1771 608 2172 644">Management Measures</th> </tr> </thead> <tbody> <tr> <td data-bbox="719 644 904 868">Short Term</td> <td data-bbox="904 644 1128 868">Transition Risk – Market</td> <td data-bbox="1128 644 1435 868">Changes in customer behavior</td> <td data-bbox="1435 644 1771 868"> 1. Decreased customer orders resulting in revenue decline; 2. Increased promotional or sales expenditures to secure orders. </td> <td data-bbox="1771 644 2172 868"> 1. Provide diagnostic services to enhance customer loyalty; 2. Increase participation in trade shows to enhance brand visibility. </td> </tr> <tr> <td data-bbox="719 868 904 1310">Long Term</td> <td data-bbox="904 868 1128 1310">Physical Risk</td> <td data-bbox="1128 868 1435 1310">Increased severity of extreme weather events such as typhoons and floods.</td> <td data-bbox="1435 868 1771 1310"> 1. Shipment delays due to extreme weather, leading to reduced revenue; 2. Production schedule disruptions due to work stoppages; urgent order handling may increase transportation and overtime costs. </td> <td data-bbox="1771 868 2172 1310"> 1. Administrative personnel to adopt remote work plans to minimize weather-related operational risks; 2. While ensuring that employee benefits remain unaffected, the Company adjusts attendance schedules to maintain production and shipment flow. </td> </tr> </tbody> </table> | Time Frame | Risk Category | Risk Factor | Financial Impact | Management Measures | Short Term | Transition Risk – Market | Changes in customer behavior | 1. Decreased customer orders resulting in revenue decline; 2. Increased promotional or sales expenditures to secure orders. | 1. Provide diagnostic services to enhance customer loyalty; 2. Increase participation in trade shows to enhance brand visibility. | Long Term | Physical Risk | Increased severity of extreme weather events such as typhoons and floods. | 1. Shipment delays due to extreme weather, leading to reduced revenue; 2. Production schedule disruptions due to work stoppages; urgent order handling may increase transportation and overtime costs. | 1. Administrative personnel to adopt remote work plans to minimize weather-related operational risks; 2. While ensuring that employee benefits remain unaffected, the Company adjusts attendance schedules to maintain production and shipment flow. |
| Time Frame | Risk Category | Risk Factor | Financial Impact | Management Measures | | | | | | | | | | | | |
| Short Term | Transition Risk – Market | Changes in customer behavior | 1. Decreased customer orders resulting in revenue decline; 2. Increased promotional or sales expenditures to secure orders. | 1. Provide diagnostic services to enhance customer loyalty; 2. Increase participation in trade shows to enhance brand visibility. | | | | | | | | | | | | |
| Long Term | Physical Risk | Increased severity of extreme weather events such as typhoons and floods. | 1. Shipment delays due to extreme weather, leading to reduced revenue; 2. Production schedule disruptions due to work stoppages; urgent order handling may increase transportation and overtime costs. | 1. Administrative personnel to adopt remote work plans to minimize weather-related operational risks; 2. While ensuring that employee benefits remain unaffected, the Company adjusts attendance schedules to maintain production and shipment flow. | | | | | | | | | | | | |

| Time Frame | Risk Category | Risk Factor | Financial Impact | Management Measures |
|------------|---------------|-----------------------------|---|---|
| Long Term | Physical Risk | Rising average temperatures | 1.Higher electricity costs leading to increased company expenditures; 2.To improve employee retention, the Company increases labor expenses; 3.Production disruptions may result in scrapping of raw materials and semi-finished goods. | 1.Install solar power systems to increase renewable energy usage; 2.Improve working environment comfort (e.g., enhanced ventilation, additional air conditioning, moisture-wicking uniforms); 3.Install automatic generator systems to reduce losses caused by power outages. |

| Time Frame | Opportunity Factor | Financial Impact | Management Measures |
|------------|---|--|--|
| Short Term | R&D and innovation of new products and services. | 1.New products serve as new drivers of revenue growth; 2.Products aligned with global trends and environmental initiatives may increase investment opportunities. | 1.Develop new products with a focus on environmental protection and low carbon emissions; 2.Provide diagnostic services to industrial clients to jointly explore environmental solutions. |
| Short Term | Development and/or expansion of low-carbon products and services. | 1.New products serve as new drivers of revenue growth; 2.Products aligned with global trends and environmental initiatives may increase investment opportunities. | Develop new products with a focus on environmental protection and low carbon emissions. |

| | Time Frame | Opportunity Factor | Financial Impact | Management Measures |
|--|--|---|--|---|
| | Long Term | Use of renewable energy and adoption of energy-saving measures. | 1. Investments in energy-saving or renewable energy equipment increase company assets; 2. Reduce electricity and energy-related expenditures. | 1. Gradually replace traditional high-energy consumption equipment with energy-efficient alternatives; 2. Install green energy facilities to enhance renewable energy usage. |
| III. Describe the financial impact of extreme weather events and transformational actions. | <p>Extreme Weather Events: The Company has assessed potential operational disruptions due to extreme weather events such as typhoons and floods, which may result in shipment delays, increased operating costs, and reduced revenue. In response, administrative personnel will adopt remote work arrangements to reduce commuting risks while ensuring business continuity. On-site workers will benefit from environmental and clothing improvements to enhance workplace comfort.</p> <p>Transition Actions: As market competition intensifies and price becomes a key consideration in procurement decisions, the Company's competitiveness may be weakened. In response, the Company not only continues to provide high-quality products but also leverages years of experience in the baking industry to offer diagnostic services for industrial clients. By understanding pain points in client production lines, we propose improvement plans or product redesigns. Additionally, we are committed to the development of eco-friendly, energy-saving, and low-carbon products in line with current trends and consumer demands, contributing to global sustainability efforts.</p> | | | |
| IV. Describe how the identification, assessment, and management process of climate risks are integrated into the overall risk management system. | <p>The Company has initiated the identification and assessment of climate risks through the Group Summit. We have implemented related activities by establishing specific projects. The progress of these activities is monitored through regular meetings to ensure that the process aligns with our objectives. If necessary, reports will be presented to the Board of Directors. This allows the directors to stay informed about the company's situation and provide suggestions as needed.</p> | | | |
| V. If using scenario analysis to evaluate resilience against climate change risks, it's necessary to detail the scenarios utilized, parameters, assumptions, analysis factors, and primary financial impacts involved. | <p>In accordance with the Company's risk management procedures, we conduct materiality analyses based on the likelihood and the impact of risks and opportunities related to climate and nature. Referring to the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD), we analyze two climate scenarios:</p> <ol style="list-style-type: none"> 1. High-carbon scenario leading to a global temperature rise of 6°C 2. Low-carbon transition scenario limiting warming to within 2°C | | | |

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|---|--|
| | <p>Based on this analysis, 3 major risks and 3 key opportunities were identified as priority management issues.</p> <p>1.Short-Term Strategies: The Company continues to fulfill its mission "to become a promoter of cookware safety, environmental protection, energy conservation and carbon reduction." In addition, it is enhancing operational responsiveness which includes implementing flexible work arrangements while protecting employee benefits, strengthening weather contingency plans through weather data monitoring, and promoting energy-saving initiatives and developing eco-friendly, low-carbon products.</p> <p>2.Long-Term Strategies: The Company plans to gradually phase out traditional high-energy consumption equipment to further reduce electricity and other energy expenses, thereby increasing operational and asset resilience.</p> |
| <p>VI. If a transformation plan exists for managing climate-related risks, please outline the details of the plan, including the indicators and objectives for identifying and managing both physical and transitional risks.</p> | <p>1.Physical Risk Mitigation: Administrative staff will adopt remote working arrangements to minimize weather-related commuting risks, maintaining business continuity. On-site staff will benefit from environmental and uniform improvements to ensure a comfortable working environment.</p> <p>2.Transition Risk Mitigation: In addition to offering quality products, the Company uses its extensive experience in the baking industry to provide diagnostic services for industrial clients, identifying user pain points and proposing improvements or design changes. The development of eco-friendly, energy-efficient, and low-carbon products continues in alignment with global trends and consumer needs, supporting sustainability efforts.</p> |
| <p>VII.If internal carbon pricing is used as a planning tool, the basis for price determination should be explained.</p> | <p>As of the date of publication of this annual report, the Company has not yet adopted internal carbon pricing as a planning tool.</p> |
| <p>VIII.If climate-related goals are set, details should be provided on the covered activities, scope of greenhouse gas emissions, planning timeframe, annual progress, etc. If carbon offsetting or Renewable Energy Certificates (RECs) are used to achieve these goals, information should be provided on the source and quantity of carbon offsets or the number of RECs exchanged.</p> | <p>The Company has implemented the ISO 14064-1 approach to greenhouse gas emission inventory in 2022, with the assistance of consultants, to conduct greenhouse gas inventory operations across all subsidiary companies within the group. Using this data as a foundation, in conjunction with ISO 50001 energy management, we have identified potential opportunities for energy conservation and reduction of greenhouse gas emissions. This has further allowed us to establish our greenhouse gas management objectives.</p> <p>In an effort to increase the utilization of renewable energy, the Company has installed solar power generation equipment at Sanneng Wuxi. In addition to partially replacing energy sources with renewables, the Company has also established climate-related goals across various categories as follows:</p> <p>Scope 1: We are also taking inventory of high-energy-consuming machinery and gradually allocating budget for the replacement of inefficient, high-energy-consuming equipment to reduce greenhouse gas emissions.</p> |

Scope 2: Through the utilization of solar power generation equipment, we aim to replace a portion of externally purchased energy, thereby reducing the indirect greenhouse gas emissions produced.

Scope 3: Encourage employees to prioritize carpooling, using public transportation, or utilizing electric vehicles when traveling for business. Additionally, we collaborate with upstream and downstream partners to advance towards the goal of a low-carbon value chain.

IX. Greenhouse gas inventory and assurance status and reduction targets, strategy, and concrete action plan. (Please refer to 1-1 and 1-2)

1-1 Greenhouse Gas Inventory and Assurance Status for the Most Recent 2 Fiscal Years

1-1-1 Greenhouse Gas Inventory Information for All Subsidiaries in Consolidated Financial Report

| | FY 2024 | | FY 2025 | |
|----------------------------------|---------------------------------------|--|---------------------------------------|--|
| | Emissions (tons CO ₂ e) | Intensity (tons CO ₂ e /NT\$ millions) | Emissions (tons CO ₂ e) | Intensity (tons CO ₂ e /NT\$ millions) |
| Scope 1 Direct GHG emission | 2,616.6449 | | 2,784.9640 | |
| Scope 2 Indirect GHG emission | 5,479.0224 | | 5,495.5455 | |
| Total emissions | 8,095.6673 | 3.970 | 8,280.5095 | 4.147 |

1-1-2 Greenhouse Gas Assurance Information:

The Company will comply with the requirement of the Sustainable Development Roadmap and conduct the verification and assurance process for the Company for the fiscal year 2028 no later than the fiscal year 2029.

1-2 Greenhouse Gas Reduction Targets, Strategy, and Concrete Action Plan

Due to global warming, the greenhouse effect has brought impact to humans. The San Neng Group lives up to the principle "To become a promoter of cookware safety, environmental protection, energy conservation and carbon reduction" as its mission. We completely review the supply chain of raw materials, high-performing product design, and production processes, and comply with the net zero timetables declared by each country and the net zero pathway and strategies of the government.

Sanneng Wuxi had installed solar panels on the rooftop of the factories for annual capacity of 1.25 GWh, while evaluating the feasibility of installing solar panels on the rooftop of the factories of Sanneng Taiwan.

3.3.7. Implementation of ethical corporate management and measures deployed

| Performance Evaluation Items | Implementation status (Note 1) | | | Deviations from Ethical Corporate Management Best-Practice Principles for TWSE/TPEX Listed Companies and Reasons for such Discrepancies |
|---|--------------------------------|----|---|---|
| | Yes | No | Summary | |
| <p>I. Establishment of Corporate Conduct and Ethics Policy and Implementation Measures</p> <p>(I) Does the company have a clear ethical corporate management policy approved by its Board of Directors, and bylaws and publicly available documents addressing its corporate conduct and ethics policy and measures, and commitment regarding implementation of such policy from the Board of Directors and the top management team?</p> <p>(II) Whether the company has established an assessment mechanism for the risk of unethical conduct; regularly analyzes and evaluates within a business context, the business activities with a higher risk of unethical conduct; has formulated a program to prevent unethical conduct with a scope no less than the activities prescribed in paragraph 2, Article 7 of the</p> | <p>V</p> <p>V</p> | | <p>(I)The Company has established its "Ethical Corporate Management Best Practice Principles", whose operating procedures and conduct guidelines clearly delineate policies for achieving integrity on the part of the Company's Board of Directors and its various management levels, as well as ensuring its implementation of internal administration and external commercial activities. The Company has also signed "Supplier Code of Conduct" with suppliers, so that suppliers, customers, and their relevant operational personnel and institutions can enjoy clear elucidation of the Company's ethical management principles, along with specific guidelines to govern the Company's employees when implementing operations. The Company and all its subsidiaries when entering into any contracts should follow the ethical management principles with mutuality, ensure reasonable contract contents, and take actions to fulfill contractual promises.</p> <p>(II) The Company, in its "Procedures and Behavioral Guidelines of Ethical Corporate Management", specifies prohibitions against the following: offering and acceptance of bribes, offering or acceptance of improper benefits, providing or promising facilitation charges, illegal political donations, engaging in unfair competitive practices, improper charitable donations or sponsorship, unethical practices such as revealing business secrets and causing harm to stakeholders. Preventive measures and educational training have been adopted to implement the ethical corporate management policies.</p> | <p>At present there are no major impediments or deviations in implementation.</p> |

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| <p>Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies?</p> <p>(III) Whether the company has established relevant policies that are duly enforced to prevent unethical conduct, provided implementation procedures, guidelines, consequences of violation and complaint procedures, and periodically reviews and revises such policies?</p> | V | | <p>(III) The Company has adopted "Procedures for Handling Material Inside Information," "Code of Employee Ethical Conduct," "Code of Business Conduct and Ethics for the Board of Directors and Managers," "Ethical Corporate Management Best Practice Principles," "Procedures and Behavioral Guidelines of Ethical Corporate Management," and deploys internal compliance unit audit mechanisms to prevent business activities in violation of ethical conduct including giving or receiving bribes, providing illegal political contributions or similar misconduct.</p> | |
| <p>II. Implementing ethical corporate management</p> <p>(I) Has the company evaluated the integrity records of its potential business partners, and stipulated requirements of ethical conduct in its transactions with its prospective business partners?</p> <p>(II) Whether the company has set up a unit which is dedicated to promoting the company's ethical standards and regularly (at least once a year) reports directly to the Board of Directors on its ethical</p> | V | | <p>(I)The Company has established an evaluation mechanism for its clients, and all business activities are conducted fairly, transparently, and in accordance with the terms and conditions of contracts, to ensure every customer and each of our business partners a fair and reasonable result. The Company has signed "Supplier Code of Conduct" with its suppliers as well.</p> <p>(II) The Company's Office of the CEO is the unit responsible for promoting corporate ethical operations, and on December 23, 2025, it apprised the Board of Directors of its report on the status of implementation of corporate ethical operations in 2025.</p> <p>Implementation in 2025: Holding the "Ethical Corporate Management Sharing" education and training, the course content includes: new trends in corporate integrity, Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies, and case studies from domestic and international markets, etc., and provided briefing files for the reference of directors and managers. In addition, the company has also established a complete whistleblower system and the identity and content of whistleblowers Confidentiality and incentive measures, and always pay attention to the development of</p> | <p>At present there are no major impediments or deviations in implementation.</p> |

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| <p>(III) Does the company establish policies to prevent conflicts of interest and provide appropriate communication channels, and implement such policies properly?</p> | <p>V</p> | | <p>relevant norms of ethical corporate management at home and abroad, so as to improve the implementation effect of the company's integrity management.</p> <p>(III) According to the "Rules of Procedure for Board of Directors Meetings" stipulated by the Company, where any conflict of interest appears in each proposal, the said director shall not participate in such discussions in accordance with the principle of avoidance, and there shall be no involvement nor voting on the matter. The Company's "Code of Employee Ethical Conduct" clearly provide policies for avoidance of conflicts of interest, with employee suggestion boxes and the Company website allowing employees to fully express their viewpoints; this is in addition to a spokesperson system responsible for external communications.</p> | |
| <p>(IV) To implement relevant policies on ethical conducts, has the company established effective accounting and internal control systems, audit plans based on the assessment of unethical conduct, and have its ethical conduct program audited by internal auditors or CPA periodically?</p> | <p>V</p> | | <p>(IV) To ensure realization of ethical operations, the Company has established effective accounting systems and internal control systems, with compliance and audit personnel periodically auditing implementation of the systems.</p> | |
| <p>(V) Does the company regularly hold internal and external education and training for ethical corporate management?</p> | <p>V</p> | | <p>(V) The Company has established "Code of Employee Ethical Conduct" and "Ethical Corporate Management Best Practice Principles", with the relevant guidelines published on the Company's internal document management system, available to employees for review at all times. When signing contracts with business partners, we also sign "Supplier Code of Conduct" to promote and stipulate the relevant guidelines governing ethical operations. On December 23,2025, Chief Financial Officer Mr. Chen, Liu-Yu of the Company held education and training on the "Ethical Corporate Management Sharing" for the directors and mangers with a total of 12 participants and a training duration of 1 hour.</p> | |

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| <p>III. Operational status of the whistle blowing channels</p> <p>(I) Has the company established a specific whistleblowing and reward system, set up convenient whistleblowing channels and designated appropriate personnel to receive complaints?</p> <p>(II) Whether the company has established standard operation procedures for investigating the complaints received, follow-up measures after investigation are completed, and ensuring such complaints are handled in a confidential manner?</p> <p>(III)The Company has established a whistleblowing system and set up measures to protect whistleblowers from inappropriate disciplinary actions or retaliation for reporting purposes.</p> | <p>V</p> <p>V</p> <p>V</p> | | <p>(I)The Company has provided in its "Whistleblowing and Grievance Management Regulations" the channels for reports or grievances. Along with dedicated units for implementing such controls, and for any putative violation of ethical operations' regulations, the provisions of the relevant guidelines are applied.</p> <p>(II)The Company's "Whistleblowing and Grievance Management Regulations" have established the Company's internal and external grievance channels and handling system, clearly providing maintenance of the confidentiality of whistleblower's identity and the contents of any grievances.</p> <p>(III)The Company's "Whistleblowing and Grievance Management Regulations" have established the Company's internal and external grievance channels and handling system, and the Company is pledged and committed to ensuring full protection of whistleblowers against any form of retaliation for their grievances.</p> | <p>At present there are no major impediments or deviations in implementation.</p> |
| <p>IV. Strengthening information disclosure</p> <p>Has the Company disclosed the content and effectiveness of its ethical corporate management best practice principles on its website and the Market Observation Post System (MOPS)?</p> | <p>V</p> | | <p>The Company provides on its official website, Market Observation Post System(MOPS) , annual report and sustainability report for disclosure of the established contents and promotional efficacy of the Ethical Corporate Management Best Practice Principles.</p> | <p>At present there are no major impediments or deviations in implementation.</p> |
| <p>V. If the Company has established its own Ethical Corporate Management Best Practice Principles in accordance with the "Ethical Corporate Management Best Practice Principles for TWSE/TPEX-Listed Companies", please describe any discrepancies between the prescribed best practices and the actual implementation of the Company: No discrepancy or deviation.</p> | | | | |
| <p>VI. Other important information that facilitates the understanding of the implementation of ethical corporate management (such as review and amendment of the Company's Ethical Corporate Management Best Practice Principles):</p> | | | | |

1. To implement the basics of ethical corporate management policies, the Corporation operates under the Corporation Act, Securities and Exchange Act, Businesses Entity Accounting Act, related regulations for TWSE/TPEX-Listed Companies, and other laws and decrees concerning business transactions.
2. On March 17, 2020, the Company has proposed an amendment to its "Procedures and Behavioral Guidelines of Ethical Corporate Management" to the Board of Directors to facilitate the effectiveness of its ethical corporate management in the future.

3.3.8. Any material information as to increasing an understanding of the Company's governance operating status:

- (1) In addition to being posted in the Corporate Governance section on the Market Observation Post System, information regarding corporate governance of the Company is also disclosed as material information to investors in a timely manner based on its importance.
- (2) Investors conferences are held from time to time and relevant information is posted on the Company's website and the Market Observation Post System.

3.3.9. Status of implementation of the internal control system:

(1) Internal Control Statement

San Neng Group Holdings Co., LTD. Statement on Internal Control System

Date: March 10, 2026

The Company's internal control system for 2025 is announced according to the results of self-evaluation, and the following is a summary thereof:

1. The Company acknowledges that the establishment, implementation and maintenance of the internal control system are the responsibilities of the Board of Directors and the managers of the Company, and the Company has established such a system. Our internal control process is designed to provide reasonable assurance over the effectiveness and efficiency of our operations (including profitability, performance and safeguarding of assets), reliability, timeliness, transparency of our reporting, and compliance with applicable rulings, laws and regulations, to ensure reasonable assurance thereof.
2. The internal control system has inherent limitations. No matter how complete their design, effective internal control systems are limited to providing reasonable assurance of the aforementioned three objectives. Moreover, in light of the environment and changes in circumstances, internal control system effectiveness may also be affected. However, the Company's internal control system contains self-monitoring mechanisms, and when any fault is noted, the Company immediately deploys corrective action.
3. The Company has made its judgments as to components of, and the effectiveness of the design and implementation of the internal control systems according to the "Regulations Governing the Establishment of Internal Control Systems by Public Companies" (hereinafter referred to as the "Compliance Guidelines"). The internal control system adopted in the "Compliance Guidelines" involves the process of management control, and is divided into five elements: 1. The control environment, 2. Risk assessment, 3. Control processes, 4. Information and communication, and 5. Supervision operations. Each constituent element includes a number of items. For the aforementioned items, please refer to the "Compliance Guidelines".
4. The Company has adopted the abovementioned internal control system assessment items to evaluate the effectiveness of the internal control system design and implementation.
5. In accordance with the Company's aforementioned evaluation, the Company found that its internal control system (including the assessment and management of subsidiaries) including efficacy of understanding operations, efficiency of achievement of objectives, reliability in reporting, timeliness, and compliance with the relevant Guidelines and law, indicate that the internal control system design and implementation are effective, and can reasonably provide assurance of the aforesaid goals as of December 31, 2025.
6. This Declaration will become an integral part of the main contents of the Company's annual report and prospectus, and shall be made public. For any falsehood, concealment, or other illegality in the contents to be made public there will be legal liability under Articles 20, 32, 171, and 174 of the Securities and Exchange Law.
7. The Statement has been agreed to by the Company's Board of Directors on March 10, 2026, where none of the 9 directors present voted against the resolution, and the remaining directors thus all agreed with the content of the Statement, and such is now attested to.

San Neng Group Holdings Co., LTD.

Chairperson: Chang, Jui-Jung

General Manager: Hsiao, Kai-Feng

(2) For any CPA retained to conduct a project review of the internal control system, the CPA's audit report shall be disclosed: None.

3.3.10. Key resolutions adopted by the Shareholders' Meeting and the Board of Directors in the most recent fiscal year up to the publication date of this Annual Report.

(1) Key resolutions adopted by the Board of Directors

| Date | Important Resolutions |
|------------|---|
| 2025.03.12 | <ol style="list-style-type: none"> 1.Approved the Company's 2024 consolidated financial statements, business reports and various accounting and settlement reports. 2.Approved the Company's 2024 annual distribution of earnings. 3.Approved the proposal for evaluation on design and effectiveness of execution of the Company's 2024 internal control system, and issuance of the "Declaration of Statement for Internal Control System". 4.Approved the proposal for the policy of non-assurance services provided by the audit firm to the Company. 5.Approved the amendment to the Company's "Budget Management Regulations". 6.Approved the Company's payment of 2024 remuneration to directors and employees and remuneration to the managers of the Company and its subsidiaries. 7.Approved the proposal for management personnel changes of the sub-subsidiaries. 8.Approved the proposal for the Company's 2025 annual shareholders' meeting, acceptance of shareholders' proposal and nomination period for candidates for Directors. |
| 2025.05.09 | <ol style="list-style-type: none"> 1.Approved the Company's consolidated financial statements for the first quarter of 2025. 2.Approved the amendment to the Company's "Articles of Association". 3.Approved the proposal for loaning of funds to subsidiary. 4.Approved the proposal for loaning of funds to subsidiary. 5.Approved the amendment to the subsidiary's "Job Authority and Deputy System Management Regulations". 6.Approved the proposal for the 2025 bonus distribution to managers of the Company. 7.Approved the credit line application to a bank for the Company. 8.Approved the proposal for the Company's 2025 annual shareholders' meeting, including related matters and additional agenda items. |
| 2025.08.20 | <ol style="list-style-type: none"> 1.Approved the Company's consolidated financial statements for the second quarter of 2025. 2.Approved the proposal for loaning of funds to subsidiary. 3.Approved the amendment to the Company's "Dividend Distribution Policy Regulations". 4.Approved the amendment to the Company's "Human Resources Management Regulations" and "Expatriate Employee Management Regulations". 5.Approved the proposal for the 2025 bonus distribution to managers of the Company. 6.Approved the proposal for 2024 Sustainability Report. |
| 2025.11.12 | <ol style="list-style-type: none"> 1.Approved the Company's consolidated financial statements for the third quarter of 2025. 2.Approved the proposal for the change of the Company's external auditors and the assessment of their independence. 3.Approved the amendment to the "Job Authority and Deputy System Management Regulations" of the Company and its subsidiaries. |

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|------------|---|
| | <p>4.Approved the proposal for the managerial remuneration structure adjustment of the Company.</p> <p>5.Approved the proposal for the 2025 bonus distribution to managers of the Company.</p> <p>6.Approved the proposal for management personnel changes of the subsidiaries.</p> <p>7.Approved the credit line application to a bank for the Company.</p> |
| 2025.12.23 | <p>1.Approved the business plan and consolidated financial budget of the Company and its subsidiaries for 2026.</p> <p>2.Approved the Company's audit plan of 2026.</p> <p>3.Approved the amendment to the "Job Authority and Deputy System Management Regulations" of the Company and its subsidiaries.</p> <p>4.Approved the proposal for the bonus to the managers of the Company and its subsidiaries.</p> <p>5.Approved the proposal for the brand product licensing of the Company's subsidiary.</p> |
| 2026.03.10 | <p>1.Approved the Company's 2025 consolidated financial statements, business reports and various accounting and settlement reports.</p> <p>2.Approved the Company's 2025 annual distribution of earnings.</p> <p>3.Approved the proposal for evaluation on design and effectiveness of execution of the Company's 2025 internal control system, and issuance of the "Declaration of Statement for Internal Control System".</p> <p>4.Approved the proposal for the policy of non-assurance services provided by the audit firm to the Company.</p> <p>5.Approved the Company's payment of 2025 remuneration to directors and employees and remuneration to the managers of the Company and its subsidiaries.</p> <p>6.Approved the full re-election of 9 directors (including 3 independent directors).</p> <p>7.Approved the nomination of director candidates and the removal of non-competition restrictions on the nominated directors.</p> <p>8.Approved the convening of the 2026 Annual General Meeting and the period for accepting shareholder proposals and director nominations.</p> |
| 2026.04.14 | <p>1.Approved the proposal for the 2025 bonus distribution to managers of the Company.</p> <p>2.Approved the designation of CTBC Bank Co., Ltd. as the Company's custodian bank and the authorization for account opening.</p> |

(2) Important resolutions and implementation status of the shareholders' meeting on June 19, 2025.

Adoption of the 2024 Consolidated Financial Statements and earnings distribution.

Implementation status: The resolutions were passed and relevant announcements and reporting procedures were conducted in accordance with the regulations.

3.3.11. Up to recent year and the publication date of this annual report, major issues of record or written statements made by any director dissenting to important resolutions passed by the Board of Directors: None.

3.4. Information Regarding the Company's Independent Auditor

| Accounting Firm | Name of CPA | | Audit Period | Audit Fee | Non-audit Fee | Total | Remark |
|-------------------|-------------|---------------|-------------------------------|-----------|---------------|-------|--|
| Deloitte & Touche | Liu, Li-Wei | Ho, Jui-Hsuan | 2025.01.01 ~ 2025.09.30 | 6,282 | 832 | 7,114 | 1. The non-audit fee is primarily sustainability reporting advisory services and overseas company maintenance fees. 2. The change of certified public accountants (CPAs) in 2025 was primarily due to internal rotation within the accounting firm. |
| | Liu, Li-Wei | Yu, Meng-Kuei | 2025.10.01 ~ 2025.12.31 | | | | |

3.4.1. Where the CPA firm was replaced, and the audit fees in the fiscal year, when the replacement was made, were less than that in the previous fiscal year before replacement, the amount of audit fees paid before/after replacement and reasons thereof shall be disclosed: None.

3.4.2. Where accounting fees paid for the year were 15% (or higher %) less than that of the previous year, the sum, proportion, and reasons thereof shall be disclosed: None.

3.5. Information on Replacement of CPAs:

3.5.1. Former CPAs

| | | | |
|--|--|-------|------------------------------------|
| Date of Change | Approved by the Board of Directors on November 12, 2025. | | |
| Reasons and Explanation of Changes | In compliance with the internal rotation of Deloitte & Touche Taiwan | | |
| State Whether the Appointment is Terminated or Rejected by the Consignor or CPAs | Client | CPA | Consignor |
| | States | None. | |
| | Appointment terminated automatically | | |
| | Appointment rejected (discontinued) | | |
| The Opinions Other than Unmodified Opinion Issued in the Last Two Years and the Reasons for the Said Opinions (Note) | None. | | |
| Is There Any Disagreement in Opinion with the Issuer | Yes | | Accounting principle or practice |
| | | | Disclosure of financial statements |
| | | | Auditing scope or procedures |
| | | | Other |
| | No | V | |
| | Explanation | | |
| Supplementary Disclosure (Disclosures Specified in | None. | | |

| | |
|--------------------------------------|--|
| Article 10.6.1.4~7 of the Standards) | |
|--------------------------------------|--|

3.5.2. Successor CPAs

| | |
|--|--|
| Accounting Firm | Deloitte & Touche Taiwan |
| CPA | Liu, Li-Wei Yu, Meng-Kuie |
| Date of Engagement | Approved by the Board of Directors on November 12, 2025. |
| Prior to the Formal Engagement, Any Inquiry or Consultation on the Accounting Treatment or Accounting Principles for Specific Transactions, and the Type of Audit Opinion that Might be Rendered on the Financial Report | None. |
| Written Opinions from the Successor CPAs that are Different from the Former CPA's Opinions | None. |

3.5.3. The Reply of Former CPAs on Article 10.6.1 and Article 10.6.2.3 of the Standards: None.

3.6. Disclosure of the Name, Position and Duration of Service at Firms or Their Associated Enterprises within the Past Year of the Chairperson, General Manager and Managers in Charge of Financial or Accounting Affairs: None.

3.7. Transfer of Stock Options and Changes in Equity Pledge of Directors, Managers and Shareholders Holding More Than 10% of Shares in the Latest Year and as of the Date of Printing of the Annual Report.

3.7.1. Changes in Shareholding of Directors, Managers and Major Shareholders

April 30, 2026; Unit: Shares

| Job title | Name | 2025 | | As of the current year through to April 30, 2026 | |
|--|-----------------|-----------------------------|-------------------------------------|--|-------------------------------------|
| | | Holding Increase (Decrease) | Pledged Holding Increase (Decrease) | Holding Increase (Decrease) | Pledged Holding Increase (Decrease) |
| Chairperson | Chang, Jui-Jung | (12,000) | - | 95,000 | - |
| Director | Hsieh, Shun-Ho | - | - | - | - |
| Director | Chen, Lai-Chun | - | - | - | - |
| Director | Tsai, Feng-Lung | - | - | - | - |
| Director and Marketing Center Director | Chang, Chih-Hao | - | - | 109,000 | - |
| Director and CEO | Hsiao, Kai-Feng | - | - | - | - |
| Independent Director | Chen, Shuei-Jin | - | - | - | - |
| Independent Director | Huang, Chen-Yen | - | - | - | - |
| Independent Director | Shih, Kuen-Ho | - | - | - | - |
| Technology R&D Center Director | Hsu, Ching-Ho | - | - | - | - |
| Management Center Director | Chang, Hsin-Yi | 210,000 | - | 102,000 | - |
| Chief Audit Executive | Lai, Shih-Tung | - | - | - | - |

| Job title | Name | 2025 | | As of the current year through to April 30, 2026 | |
|---|-----------------|-----------------------------|-------------------------------------|--|-------------------------------------|
| | | Holding Increase (Decrease) | Pledged Holding Increase (Decrease) | Holding Increase (Decrease) | Pledged Holding Increase (Decrease) |
| Financial Accounting and Corporate Governance Officer | Chen, Liu-Yu | - | - | - | - |
| Technology R&D Center Assistant General Manager | Lin, Yung-Chang | - | - | - | - |

3.7.2. Information regarding any change in shareholdings: None.

3.7.3. Information regarding change in pledged shares: None.

3.8. Information of Relationship among the Top 10 Shareholders Who Are Related, Spouses or Relatives within the Second Degree of Kinship

April 19, 2026; Unit: Thousand shares; %

| Name | Current Shareholding | | Spouse's/minor's Shareholding | | Shareholding by Nominee Arrangement | | Name and Relationship Between the Company's Top Ten Shareholders, or Spouses or Relatives Within Two Degrees | | Note |
|---------------------------------|----------------------|-------|-------------------------------|-------|-------------------------------------|-------|--|--|------|
| | Shares | % | Shares | % | Shares | % | Name | Relationship | |
| Greater Win Holdings Limited | 4,062 | 6.69% | - | - | - | - | Sheng Chia Investment Co., Ltd. | Hsieh, Ming-Hsiao the Legal Representative thereof, is a relative within the first degree of kinship of Hsieh, Shun-Ho, the Legal Representative of Greater Win Holdings Limited | - |
| Representative: Hsieh, Shun-Ho | - | - | 154 | 0.25% | 4,062 | 6.69% | | | |
| Jui Jung International Limited | 3,603 | 5.93% | - | - | - | - | Great Flyer Offshore Limited | Chang, Jui-Ching, the Legal Representative thereof, is a relative within the second degree of kinship of Chang, Jui-Jung, the Legal Representative of Jui Jung International Limited | - |
| Representative: Chang, Jui-Jung | 581 | 0.96% | - | - | 3,603 | 5.93% | Uniware International Limited | Chang, Chih-Hao, the Legal Representative thereof, is a relative within the first degree of kinship of Chang, Jui-Jung, the Legal Representative of Jui Jung International Limited | |
| Uniware International Limited | 2,921 | 4.81% | - | - | - | - | Jui Jung International Limited | Chang, Jui-Jung, the Legal Representative thereof, is a relative within the first degree of | - |

| Name | Current Shareholding | | Spouse's/minor's Shareholding | | Shareholding by Nominee Arrangement | | Name and Relationship Between the Company's Top Ten Shareholders, or Spouses or Relatives Within Two Degrees | | Note |
|--------------------------------------|----------------------|-------|-------------------------------|-------|-------------------------------------|-------|--|---|------|
| | Shares | % | Shares | % | Shares | % | Name | Relationship | |
| Representative: Chang, Chih-Hao | 421 | 0.69% | - | - | 2,921 | 4.81% | | kinship of Chang, Chih-Hao, the Legal Representative of Uniware International Limited | |
| Beauty Joy Holdings Limited | 2,892 | 4.76% | - | - | - | - | - | - | - |
| Representative: Chen, Lai-Chun | - | - | - | - | 2,892 | 4.76% | | | |
| Great Flyer Offshore Limited | 2,563 | 4.22% | - | - | - | - | Jui Jung International Limited | Chang, Jui-Jung, the Legal Representative thereof, is a relative within the second degree of kinship of Jui-Ching Chang, the Legal Representative of the Great Flyer Offshore Limited | - |
| Representative: Chang, Jui-Ching | 1,572 | 2.59% | - | - | 2,563 | 4.22% | | | |
| Splendid Star International Ltd | 2,119 | 3.49% | - | - | - | - | - | - | - |
| Representative: Cheng, Shu-Kuang | - | - | - | - | 2,119 | 3.49% | | | |
| Brilliant Shine Enterprises Limited | 1,730 | 2.85% | - | - | - | - | Feng Lung International Limited | Tsai, Feng-Lung, the Legal Representative thereof, is a relative within the second degree of kinship of Tsai, Jui-Feng, the Legal Representative of Brilliant Shine Enterprises Limited | - |
| Representative: Tsai, Jui-Feng | - | - | 96 | 0.16% | 1,730 | 2.85% | | | |
| Sheng Chia Investment Co., Ltd. | 1,710 | 2.81% | - | - | - | - | Greater Win Holdings Limited | Hsieh, Shun-Ho the Legal Representative thereof, is a relative within the first degree of kinship of Hsieh, Ming-Hsiao, the Legal Representative of Sheng Chia Investment Co., Ltd. | - |
| Representative: Hsieh, Ming-Hsiao | 392 | 0.65% | 37 | 0.06% | - | - | | | |

| Name | Current Shareholding | | Spouse's/minor's Shareholding | | Shareholding by Nominee Arrangement | | Name and Relationship Between the Company's Top Ten Shareholders, or Spouses or Relatives Within Two Degrees | | Note |
|---------------------------------|----------------------|-------|-------------------------------|-------|-------------------------------------|-------|--|---|------|
| | Shares | % | Shares | % | Shares | % | Name | Relationship | |
| Feng Lung International Limited | 1,659 | 2.73% | - | - | - | - | Brilliant Shine Enterprises Limited | Tsai, Jui-Feng, the Legal Representative thereof, is a relative within the second degree of kinship of Tsai, Feng-Lung, the Legal Representative of Feng Lung International Limited | - |
| Representative: Tsai, Feng-Lung | 100 | 0.16% | 1,009 | 1.66% | 1,659 | 2.73% | | | |
| Hsu, Kuo-Chung | 1,573 | 2.59% | 50 | 0.08% | - | - | - | - | - |

3.9. Shares Held by the Company, Directors, Supervisors, Managers of the Company and Businesses Controlled Directly or Indirectly by the Company of the Same Reinvestment Business and the Consolidated Calculation of the Comprehensive Shareholding Ratio: None.

December 31, 2025 ; Unit: Thousand shares; %

| Investee enterprise (Note1) | Investment by the Company | | Investment by the Directors, Supervisors, Managerial Officers and Directly or Indirectly Controlled Entities of the Company | | Total investment | |
|-----------------------------|---------------------------|--------------------|---|--------------------|------------------|--------------------|
| | Shares | Shareholding ratio | Shares | Shareholding ratio | Shares | Shareholding ratio |
| EGI | 3,941 | 100% | 0 | 0% | 3,941 | 100% |
| Sanneng Hong Kong | Note 2 | 100% | 0 | 0% | Note 2 | 100% |
| Sanneng Taiwan | 14,600 | 100% | 0 | 0% | 14,600 | 100% |
| Sanneng Japan | 9.5 | 100% | 0 | 0% | 9.5 | 100% |
| Sanneng Indonesia | 2,500 | 100% | 0 | 0% | 2,500 | 100% |
| Sanneng Indonesia Industry | 1,800 | 100% | 0 | 0% | 1,800 | 100% |
| Sanneng Wuxi | Note 2 、 3 | 100% | 0 | 0% | Note 2 、 3 | 100% |
| Squires | Note 2 、 4 | 52.48% | 0 | 0% | Note 2 、 4 | 52.48% |
| Xinneng | Note 2 、 4 | 59.78% | 0 | 0% | Note 2 、 4 | 59.78% |
| Sanneng Guangzhou | Note 2 、 4 | 100% | 0 | 0% | Note 2 、 4 | 100% |

Note 1: This refers to investee enterprises in which the Company makes long-term investment calculated according to the equity method.

Note 2: This is a limited company and has no shares.

Note 3: Investment in mainland China through an existing company established in a third region (Sanneng Hong Kong).

Note 4: Investment in mainland China through an existing company established in mainland China (Sanneng Wuxi).

4. Corporate Governance

4.1. Capital and Shares

4.1.1. Source of capital stock

April 30, 2026; Unit: Thousand shares/ NT\$ Thousands

| Year/Month | Par Value (NT\$) | Authorized Capital | | Paid-in Capital | | Remark | | |
|------------|------------------|--------------------|---------------|-----------------|--------------|---|---|--------|
| | | Shares | Amount | Shares | Amount | Sources of Capital | Capital Increased by Assets Other than Cash | Other |
| 2015.04 | USD\$1 | 50 | USD 50 | 1 Share | USD 1 dollar | Capital stock at establishment | - | Note 1 |
| 2016.04 | NT\$10 | 200,000 | NTD 2,000,000 | 20,000 | NTD 200,000 | - | Transfer of EGI shares to issue new shares | Note 1 |
| 2016.10 | NT\$10 | 200,000 | NTD 2,000,000 | 44,000 | NTD 440,000 | Capital reserve transferred to 240,000 thousand dollars | - | Note 1 |
| 2016.12 | NT\$40 | 200,000 | NTD 2,000,000 | 54,000 | NTD 540,000 | Cash capital increase of 100,000 thousand dollars | - | Note 1 |
| 2018.12 | NT\$10 | 200,000 | NTD 2,000,000 | 60,750 | NTD 607,500 | Cash capital increase of 67,500 thousand dollars | - | Note 2 |

Note 1: The Company issued a public offering in October 2018, so the capital increase in the previous year did not have the approval date and document number by TWSE.

Note 2: Oct. 19, 2018 Approval Letter TWSE Tai- Cheng-Shang-2-Tzu No. 10717035361 on file.

April 30, 2026; Unit: Thousand shares

| Type of Shares | Authorized Capital | | | Note |
|----------------|--------------------|------------------|--------------|----------------------|
| | Issued Shares | Un-issued Shares | Total Shares | |
| Common Stock | 60,750 | - | 60,750 | First listed company |

Information Relating to the Shelf Registration System

April 30, 2026; Unit: Thousand shares/ NT\$ Thousands

| Type of securities | Amount to be issued | | Amount already issued | | The purpose and anticipated benefits of the portion already issued | Scheduled issuance period for the unissued portions | Remarks |
|--------------------|---------------------|------------------------|-----------------------|------------------------|--|---|---------|
| | Total no. of shares | Amount approved (NT\$) | Total no. of shares | Amount approved (NT\$) | | | |
| Stock | 200,000 | NTD 2,000,000 | 60,750 | NTD 607,500 | Replenishing operating capital | NA | - |

4.1.2. Main shareholders list: list the names of shareholders holding more than 5% of shares or those with the top ten shareholdings, the amount of their shareholders and its percentile

April 19, 2026; Unit: Shares

| Name of major shareholders | | Shares | Percentage (%) |
|----------------------------|-------------------------------------|-----------|----------------|
| 1 | Greater Win Holdings Limited | 4,061,800 | 6.69 |
| 2 | Jui Jung International Limited | 3,603,200 | 5.93 |
| 3 | Uniware International Limited | 2,920,500 | 4.81 |
| 4 | Beauty Joy Holdings Limited | 2,892,400 | 4.76 |
| 5 | Great Flyer Offshore Limited | 2,563,200 | 4.22 |
| 6 | Splendid Star International Ltd. | 2,118,934 | 3.49 |
| 7 | Brilliant Shine Enterprises Limited | 1,730,200 | 2.85 |

| Name of major shareholders | | Shares | Percentage (%) |
|----------------------------|---------------------------------|------------|----------------|
| 8 | Sheng Chia Investment Co., Ltd. | 1,710,000 | 2.81 |
| 9 | Feng Lung International Limited | 1,658,800 | 2.73 |
| 10 | Hsu,Kuo-Chung | 1,573,000 | 2.59 |
| Total | | 24,832,034 | 40.88 |

4.1.3. Company's dividend policy and implementation status

(1) The Company's Dividend Policy according to the Articles of Association:

The Company's operations are currently in the growth stage, and the Board of Directors considers the Company's fiscal year net income, overall growth, financial planning, capital requirements, industry aspirations and the Company's future growth vision, to determine the Board of Directors proposal to the shareholders for distribution of dividends, which is considered by resolution of the shareholders' meeting. While shares are traded on exchanges in the Republic of China, the Board of Directors consider distribution of net income proposals, and must first provide for net income distribution during the fiscal year as follows:

- ① Payment of tax obligations owing for the fiscal year;
- ② Compensating any past losses;
- ③ 10% of net reserves (hereafter, statutory surplus reserves) (except where the statutory surplus reserve obligation already matches the total capitalization, then this provision does not apply); and
- ④ Special surplus reserves as determined according to the Republic of China agency of competent jurisdiction for securities pursuant to the regulations governing publicly traded companies.

If the balance of the undistributed earnings remains accumulated with undistributed past earnings in whole or in part, the Company shall propose to the general shareholders' meeting, in light of financial, business and operational considerations, to issue an ordinary resolution in accordance with the Cayman Islands Law and the Public Offering Regulations, with not less than 20% of the distributable surplus, adding all or part of the undistributed surplus of the previous year (including an adjusted undistributed surplus amount) as determined by the general shareholders' meeting of the Company by ordinary resolutions, for dividends/bonuses to shareholders based on shareholding ratios. Shareholders' dividends shall be distributed in a manner that combines stock dividends and cash dividends, and the amount of cash dividends/stock dividends shall not be less than 20% of the total dividends/bonuses paid.

(2) Dividend distribution:

The Board of Directors approved to distribute 2025 cash dividend with NTD 1.2 per share on 10 March, 2026.

(3) Explanation for expected major dividend policy changes: None.

4.1.4. Impacts of free share assignment intended through the current shareholders meeting on the Company's operational performance and earnings per share:

This meeting of the Shareholders did not adopt a resolution for distribution of dividends, and the Company pursuant to regulations is not required to release financial forecasts, so this provision is inapplicable.

4.1.5. Remunerations for employees, directors and supervisors:

(1) Quantity or scope of compensation for employees, directors, and supervisors as prescribed under

the Articles of Association:

In accordance with the Articles of Association of the Company, if the Company has annual profit, then 10% shall be appropriated to employee remuneration, with the Board of Directors resolving to distribute same by shares or cash, to those employees who meet specified conditions. The Company may also in accord with the aforementioned profit, resolve by the Board of Directors to provide Directors' remuneration in a sum of not more than 5% of said profits. Proposals for the distribution of employee compensation as well as Director compensation shall be submitted to the Shareholder's Meeting.

However, if the company still has an accumulated deficit, the amount required to offset the deficit shall first be retained.

(2) Accounting treatment for the basis of estimating the amount of the employees' compensation and director's and supervisors' remuneration for this fiscal period, the basis of calculating the number of shares to be distributed as employees' compensation, and accounting handling for any discrepancy between the actual amount distributed and the estimated figures:

The Company shall calculate the remuneration of employees and Directors in proportion to the net profit before tax for the current year before deducting employee and Director remuneration. If there is a change in the amounts after the annual financial statements are authorized for issue, the differences should be recorded as a change in the accounting estimate in the following year.

(3) Information on allocation of compensation approved by the Board of Directors:

The amount of employee compensation and directors' remuneration distributed in cash or shares: The Company's Board of Directors resolved on March 10, 2026 to propose a distribution of NT\$14,829 thousand dollars for employee remuneration and NT\$3,680 thousand dollars for Director remuneration. There is no difference between the estimated amount of compensation and that recognized for the current year.

The amount of employee compensation distributed in stock and the ratio thereof to total net income after tax and total employee benefits in the current period: The Company did not propose to distribute employee stock remuneration in 2025.

(4) Actual distribution of employees and directors' compensation in the previous year:

The Company's annual shareholders' meeting was held on June 19, 2025, and determined to distribute annual employee compensation of NT\$18,394 thousand dollars, and the sum was the same as was recognized in the 2024 financial report. The Company's estimated Directors' remuneration for 2024 was NT\$5,700 thousand dollars which was the same as the NT\$5,700 thousand dollars approved for distribution in the report of the 2025 Annual Shareholders' Meeting.

4.1.6. Buyback of the Company stock: None.

4.2. Corporate Bonds: None.

4.3. Preferred Stock issued: None.

4.4. GDR (Global Depositary Receipt) issued: None.

4.5. Employee Stock Options issued: None.

4.6. Issuance of New Restricted Employee Shares: None.

4.7. Issuance of New Shares in Connection with the Merger or Acquisition: None.

4.8. Implementation of Capital Utilization Plan: None.

5. Operational Highlights

5.1. Business activities

5.1.1. Business scope

(1) Core business activities

The Company is a holding company with subsidiaries engaged in actual business operations including Sanneng Taiwan, Sanneng Wuxi, Sanneng Japan, Sanneng Indonesia, Xinneng, Squires, Sanneng Guangzhou and Sanneng Indonesia Industry. The company's main business lines involve manufacturing, processing, sale, commerce, and representing baking equipment and peripheral products. The Company's products are baking utensils used in the upstream segments of the baking industry. "Baking utensils" refer to items required for the production of various breads, cakes, biscuits, candies, Chinese style pastries, wedding cakes, moon cakes, and snacks, other than baking equipment and raw materials. Baking utensils include over one thousand varied products such as baking moulds (baking trays, loaf pan, cake mould, multi-link mould, hamburger mould, pizza pan, mousse ring), baking tools (eggbeaters, eggbeater series, scraper and spatula series, measuring series), pre-store products series, decorating tools set (tips, pastry bags, cake turntable series, cart series, kitchen supplies, and small household appliance series. There are six functional product categories, including customized products, baking moulds, baking appliances, household appliances, ingredients, and other appliances.

Since 2020, there has been a focus on the catering market. In addition to promoting existing products in this market, there has been an effort to develop products tailored specifically for the catering industry. The main clients targeted include the Yum! Brands (KFC, Pizza Hut), Domino's Pizza, and Starbucks. Additionally, products commonly used in the catering industry such as steamer ovens have been developed, along with corresponding accessories like baking trays, chicken racks, egg steaming trays, and frying baskets.

(2) Revenue by products in 2024 and 2025

| Category \ Year | 2024 | | 2025 | |
|----------------------|-------------|--------------|-------------|--------------|
| | Net Revenue | % of Revenue | Net Revenue | % of Revenue |
| Customized products | 652,263 | 31.98% | 616,747 | 30.89% |
| Baking moulds | 835,131 | 40.95% | 828,309 | 41.48% |
| Baking appliances | 429,295 | 21.05% | 432,476 | 21.66% |
| Household appliances | 24,939 | 1.22% | 19,096 | 0.96% |
| Ingredients | 41,729 | 2.05% | 35,525 | 1.78% |
| Other appliances | 56,065 | 2.75% | 64,438 | 3.23% |
| Total | 2,039,422 | 100.00% | 1,996,591 | 100.00% |

(3) Current products (services) offered by the Company

Among the products currently sold by the Company in the six functional product categories, including customized products, baking moulds, baking appliances, household appliances, and other appliances, these are briefly explained as follows:

| Product name | Explanation |
|---------------------|--|
| Customized products | Customized products refer to those special products ordered by customers to meet their unique requirements for specifications or materials or other needs, are distinctively different from generic standardized products found in the market, and cater to the specialized production equipment or manufacturing processes. |
| Baking moulds | Baking moulds include various types of baking trays, toast boxes, cake moulds, and pie plates which are used in toasters or oven equipment. |
| Baking appliances | Baking appliances include egg whisks, mixing bowls, pastry tubes, |

| | |
|----------------------|--|
| | pastry bags, revolving cake stands, knives, and trolleys used for processes prior to, during, or after baking, and include all items which are not required to be used in ovens. |
| Household appliances | Household appliances refer to our UNOPAN brand and SANNENG HOME series products designed for household baking utensils and equipment. |
| Ingredients | Ingredients refer to raw materials and relevant materials used when baking goods, including flour, prepared mix, fillings, fats and oils, food coloring, and other baking ingredients. |
| Other appliances | Other appliances refer to products which the Company represents or anything beside the aforementioned five categories. |

(4) Planned development of new products (services)

- ① Develop applied products using advanced surface processing treatment.
- ② Continue to develop alternative plastic materials to reduce plastic consumption or replace it with new materials.
- ③ Develop products that reduce baking times and save energy.
- ④ Develop baking moulds for catering equipment.
- ⑤ Promote environmentally friendly non-stick coating refinish service.
- ⑥ Provide product proposal service through working with bakery technician teams and raw material manufacturers strategic alliance.
- ⑦ Deploy strategic alliances to develop customized products for customer needs.
- ⑧ Develop outdoor products.
- ⑨ Develop non-fluorine coatings.
- ⑩ Develop compound metallic material.

5.1.2. Industry Overview

(1) Current status and development potential of the industry

① Global baking industry overview

The baking industry has developed from the 17th century to the present, and contributes primary components to the diet of Europeans and Americans including toast, bread, and cookies, all of which constitute a significant part of the three daily meals. These are essential to the Western diet and comprise a mature and stable part of the market. Asia's baked goods sector has been developing in line with globalization in recent years. Although baked goods have only recently arisen in the region, the rapid pace and spread of information have given consumers greater awareness of baked goods. Baking market sales have also increased in line with growing personal income and living standards. With the baking industry accelerating its development worldwide, the total baking market size continues to expand, and this has stimulated baking utensil industry growth and technology development.

According to market research data, the global market size for bread and rolls reached \$206.03 billion in 2020 and \$238 billion in 2021. It is projected that from 2022 to 2025, the global market for bread and rolls could reach a scale of \$290.1 billion. The market size for cakes, pastries, and pies reached \$163.7 billion in 2021, and it is anticipated that from 2022 to 2025, the global market for cakes, pastries, and pies could reach a scale of \$194.9 billion.

The types of customers in the bakery industry can be categorized as follows: independent bakeries, bakery chains, convenience stores, supermarkets, baking schools, baking instruction classes, and central production facilities. These central facilities include factories for bakery chains, contract baking factories, frozen dough production sites, and distribution channel factories.

② Overview of the Taiwan baking industry

Originally, Taiwan's diet largely incorporated rice, but as the United States began providing defense and aid in 1949, it also provided raw ingredients such as flour, butter and milk, while also introducing bread and cake related Western baking techniques to Taiwan. In 1962, the government began promoting its agricultural economics policy and established the Taiwan Region Bread Foods Promotion Committee (now the China Grain Products Research & Development Institute) designed to advance the public's eating habits and increase public nutrition. In 1979 the government opened up tourism and observation missions, allowing Japanese baking experts to visit Taiwan for lectures and placing an emphasis on developing technology and manpower cultivation. In 2008, Wu Bao-chun, Tsao Chih-hsiung and Wen Shih-Cheng won the Bronze Medal at the Paris Coupe du Monde de la Boulangerie (Coupe Louise Lesaffre), affording Taiwan baking international visibility, while promoting innovation and developing the gastronomy path for Taiwan bakers.

According to Euromonitor International's Bakery Data Report 2024, Taiwan's bakery production was valued at NT\$71,828.6 million, representing a 4% increase compared to the same period last year. Overall, demand for bakery products in Taiwan continues to grow. Although rising raw material prices have contributed to increased unit prices, bakery products remain a primary choice for daily breakfasts despite higher costs. As the market continues to evolve, bakeries are innovating by introducing unique flavors and incorporating local ingredients to attract and retain customers.

Table 2 Sales of Baked Goods by Category: Value 2019-2024

| TWD million | 2019 | 2020 | 2021 | 2022 | 2023 | 2024 |
|--------------------------------------|----------|----------|----------|----------|----------|----------|
| Baked Goods | 70,780.8 | 66,063.2 | 54,833.5 | 59,488.5 | 69,212.7 | 71,828.6 |
| Bread | 2,955.8 | 2,976.0 | 2,574.0 | 2,849.9 | 3,098.2 | 3,365.0 |
| - Flat Bread | 218.9 | 217.8 | 206.3 | 219.6 | 228.1 | 237.9 |
| -- Packaged Flat Bread | 42.9 | 44.7 | 48.5 | 49.2 | 46.8 | 46.8 |
| -- Unpackaged Flat Bread | 176.0 | 173.1 | 157.8 | 170.4 | 181.3 | 191.1 |
| - Leavened Bread | 2,736.9 | 2,758.1 | 2,367.7 | 2,630.3 | 2,870.1 | 3,127.1 |
| -- Packaged Leavened Bread | 291.4 | 372.2 | 518.9 | 524.2 | 409.2 | 394.4 |
| -- Unpackaged Leavened Bread | 2,445.5 | 2,386.0 | 1,848.8 | 2,106.0 | 2,460.9 | 2,732.7 |
| Cakes | 11,278.5 | 11,819.9 | 9,696.9 | 11,260.2 | 13,103.9 | 13,560.1 |
| - Packaged Cakes | 2,812.8 | 3,032.3 | 2,458.5 | 2,731.4 | 3,201.7 | 3,199.8 |
| - Unpackaged Cakes | 8,465.7 | 8,787.6 | 7,238.4 | 8,528.8 | 9,902.2 | 10,360.3 |
| Dessert Mixes | 133.2 | 149.1 | 188.0 | 188.8 | 161.8 | 153.5 |
| Frozen Baked Goods | - | - | - | - | - | - |
| Pastries | 56,413.3 | 51,118.2 | 42,374.6 | 45,189.6 | 52,848.8 | 54,750.1 |
| - Packaged Pastries | 17,966.0 | 13,463.4 | 11,615.2 | 11,970.9 | 13,964.5 | 14,709.0 |
| - Unpackaged Pastries | 38,447.3 | 37,654.8 | 30,759.4 | 33,218.7 | 38,884.3 | 40,041.1 |
| Dessert Pies and Tarts | - | - | - | - | - | - |
| - Sweet Pies and Tarts | - | - | - | - | - | - |
| - Frozen Cakes, Sweet Pies and Tarts | - | - | - | - | - | - |

Source: Euromonitor International from official statistics, trade associations, trade press, company research, store checks, trade interviews, trade sources

Supermarkets are increasingly focusing on enhancing the quality of bakery products to attract a wide customer base. By offering bakery products with high cost-performance ratios, they appeal to the mass market, making delicious products available at reasonable prices and accessible to more consumers. This strategy not only fosters customer loyalty but also positions supermarkets as highly competitive producers in the bakery segment.

Taiwan's boutique bakeries typically leverage social media and online ordering systems to build customer relationships and drive sales. As these bakeries continue to gain popularity, many boutique bakery operators are utilizing pop-up events as a strategy to enhance brand awareness.

As consumer demand for unique flavors and new experiences continues to grow, brand owners are developing distinctive products by launching innovative offerings that incorporate local ingredients, such as tea-infused flavors and fruits like lychee and mango. In addition to flavor innovation, appealing packaging and store design are recognized as essential elements for capturing consumer attention and preference. Cross-industry collaborations have also proven effective, integrating diverse bakery cultures with other industry sectors to achieve broader market appeal. Furthermore, the entry and expansion of international brands into the Taiwan market facilitate the introduction of globally-inspired flavors to local consumers.

The rise of gluten-free desserts in Taiwan reflects a consumer shift toward healthier dietary preferences, with gluten-free products expected to gain significant popularity. New brands focusing on gluten-free offerings have also entered the market. For instance, BOZZ, a brand established by World Bread Champion Chen Yung-Hsin, has introduced frozen gluten-free breads and desserts. These products particularly cater to office workers, providing convenient gluten-free options that can be quickly reheated and consumed.

③ Overview of the Chinese baking industry

According to the Euromonitor International report, China's bakery market recorded a modest growth of 3% in 2024, reaching RMB 253.6 billion. Among bakery segments, pies and tarts experienced the fastest growth, increasing by 16% to RMB 1.13 billion. Shenyang Toly Bread remains the largest bakery manufacturer in Mainland China, accounting for 3% of the overall market.

Table 2 Sales of Baked Goods by Category: Value 2019-2024

| CNY million | 2019 | 2020 | 2021 | 2022 | 2023 | 2024 |
|--------------------------------------|-----------|-----------|-----------|-----------|-----------|-----------|
| Baked Goods | 229,043.4 | 232,605.4 | 246,970.9 | 238,799.9 | 246,274.0 | 253,620.5 |
| Bread | 40,261.2 | 40,457.8 | 42,766.5 | 42,189.0 | 43,641.0 | 44,937.7 |
| - Flat Bread | - | - | - | - | - | - |
| -- Packaged Flat Bread | - | - | - | - | - | - |
| -- Unpackaged Flat Bread | - | - | - | - | - | - |
| - Leavened Bread | 40,261.2 | 40,457.8 | 42,766.5 | 42,189.0 | 43,641.0 | 44,937.7 |
| -- Packaged Leavened Bread | 23,543.0 | 24,955.6 | 26,517.4 | 27,254.2 | 27,668.2 | 28,439.6 |
| -- Unpackaged Leavened Bread | 16,718.2 | 15,502.2 | 16,249.1 | 14,934.9 | 15,972.8 | 16,498.1 |
| Cakes | 96,447.0 | 98,492.9 | 104,966.2 | 100,718.4 | 103,863.1 | 106,959.7 |
| - Packaged Cakes | 44,863.5 | 48,676.8 | 52,872.8 | 51,656.7 | 53,360.4 | 55,049.9 |
| - Unpackaged Cakes | 51,583.6 | 49,816.0 | 52,093.5 | 49,061.7 | 50,502.7 | 51,909.8 |
| Dessert Mixes | 2,964.2 | 2,519.6 | 2,633.0 | 2,488.2 | 2,366.4 | 2,263.3 |
| Frozen Baked Goods | - | - | - | - | - | - |
| Pastries | 89,370.9 | 91,045.1 | 96,310.1 | 92,689.0 | 95,427.2 | 98,328.5 |
| - Packaged Pastries | 41,078.9 | 43,749.0 | 45,411.5 | 44,730.3 | 46,125.3 | 47,506.3 |
| - Unpackaged Pastries | 48,292.1 | 47,296.1 | 50,898.6 | 47,958.7 | 49,301.9 | 50,822.2 |
| Dessert Pies and Tarts | - | 90.0 | 295.1 | 715.3 | 976.3 | 1,131.3 |
| - Sweet Pies and Tarts | - | - | - | - | - | - |
| - Frozen Cakes, Sweet Pies and Tarts | - | 90.0 | 295.1 | 715.3 | 976.3 | 1,131.3 |

Source: Euromonitor International from official statistics, trade associations, trade press, company research, store checks, trade interviews, trade sources

In 2024, China's bakery market is expected to maintain low single-digit growth, reflecting a slight slowdown compared to growth rates observed in 2023 and pre-pandemic periods. This moderation is primarily attributed to a slower-than-expected post-pandemic economic recovery,

prompting consumers to adopt more cautious spending behaviors. Consequently, a growing number of consumers are prioritizing products with higher cost-performance ratios.

In terms of specific product categories, cakes are projected to remain the largest segment in China's bakery market in 2025, with an estimated value of approximately RMB 122.6 billion, closely followed by pastries at around RMB 100.3 billion. In contrast, bread accounts for a relatively smaller share at roughly RMB 45.8 billion, primarily due to its typical lack of fillings or toppings, which does not fully align with Chinese consumers' broad preference for sweet and flavorful bakery products. However, the pursuit of higher cost-performance ratios has driven the growing popularity of private-label bakery products, prompting an increasing number of supermarkets across China to introduce diverse private-label offerings. With many supermarkets experiencing declining sales in recent years, they have placed greater emphasis on their bakery departments. They primarily attract consumers by creating enticing shopping atmospheres, leveraging the aroma of freshly baked goods, and providing product sampling to stimulate purchases. Supermarkets' ability to offer high-quality private-label bakery products at relatively lower prices while maintaining profitability is attributed to their strategic use of a combination of frozen semi-finished and finished bakery products. This approach effectively reduces labor costs and minimizes waste resulting from overproduction.

In 2025, many supermarkets adopted the "Pang Dong Lai model," repositioning their bakery sections at store entrances to drive foot traffic through the aroma of freshly baked goods and live sampling. Concurrently, the expansion of fresh food departments has become a key strategy for attracting consumers. For instance, Yonghui Superstores successfully restructured over 700 stores last year. Leveraging the momentum of this "Pang Dong Lai style renovation," Sanneng has secured increasing orders, translating into strong business growth and outstanding performance.

The closure of brick-and-mortar bakery stores has led to limited growth in bakery production value. Between 2023 and 2024, several prominent bakery chains in China either shut down entirely or significantly reduced their number of physical outlets. Overall, the decline of brick-and-mortar bakery stores is primarily attributed to the weakening of the Influencer Economy. Despite stagnant growth in brick-and-mortar bakery stores, China's per capita bakery consumption currently stands at only 7.3 kg per person, considerably lower than in Western countries, Japan, and South Korea. This indicates substantial potential for market expansion, and sustained growth is therefore expected over the next five years.

Consumers will continue to favor bakery products offered in smaller-sized packages, leading to slow yet steady growth in the overall production value and growth rate of bakery products in Mainland China. Despite an anticipated slowdown in growth rates, all cake and dessert categories are projected to experience growth, with the exception of dessert pre-mixes. Several factors underpin this trend: firstly, the growing number of single adults makes smaller packaging more suitable for individual consumption; secondly, as health consciousness rises, younger consumers increasingly seek smaller packaged products that allow indulgence without overconsumption. As Mainland China consumers increasingly prioritize health, health-oriented innovations within the bakery sector have become a critical differentiation strategy for brands. Additionally, the freshness of bakery products is another significant factor influencing consumer preferences. An increasing number of consumers prefer products with shorter shelf lives, as these are perceived to be fresher, more flavorful, and typically contain fewer additives or preservatives.

④ Overview of the Japan baking industry

According to the Euromonitor International report, Japan's bakery production value is projected to experience modest growth of 3% in 2024, reaching approximately JPY 3.4 trillion. Frozen bakery products represent the best-performing category in 2024, growing by 12% to JPY 4.6 billion. Yamazaki Baking remains Japan's largest bakery manufacturer, accounting for 26% of the total bakery production value.

Table 2 Sales of Baked Goods by Category: Value 2019-2024

| JPY billion | 2019 | 2020 | 2021 | 2022 | 2023 | 2024 |
|--------------------------------------|---------|---------|---------|---------|---------|---------|
| Baked Goods | 2,891.0 | 2,852.1 | 2,988.1 | 3,147.6 | 3,307.7 | 3,414.0 |
| Bread | 550.4 | 556.2 | 550.8 | 576.8 | 604.4 | 622.3 |
| - Flat Bread | 1.4 | 1.8 | 1.8 | 1.9 | 1.9 | 1.8 |
| -- Packaged Flat Bread | 1.4 | 1.8 | 1.8 | 1.9 | 1.9 | 1.8 |
| -- Unpackaged Flat Bread | - | - | - | - | - | - |
| - Leavened Bread | 549.0 | 554.4 | 549.0 | 574.9 | 602.6 | 620.5 |
| -- Packaged Leavened Bread | 445.1 | 457.9 | 448.7 | 465.3 | 487.3 | 501.5 |
| -- Unpackaged Leavened Bread | 104.0 | 96.5 | 100.3 | 109.5 | 115.2 | 118.9 |
| Cakes | 1,095.2 | 1,074.1 | 1,157.1 | 1,215.9 | 1,264.3 | 1,299.3 |
| - Packaged Cakes | 777.6 | 826.1 | 887.8 | 914.9 | 929.6 | 942.2 |
| - Unpackaged Cakes | 317.7 | 248.0 | 269.4 | 301.0 | 334.7 | 357.1 |
| Dessert Mixes | 15.4 | 20.1 | 17.1 | 15.9 | 15.2 | 15.5 |
| Frozen Baked Goods | 2.6 | 3.5 | 3.4 | 3.8 | 4.1 | 4.6 |
| Pastries | 1,197.8 | 1,166.3 | 1,223.5 | 1,299.5 | 1,384.7 | 1,438.2 |
| - Packaged Pastries | 1,025.8 | 1,018.9 | 1,063.9 | 1,125.2 | 1,198.0 | 1,243.7 |
| - Unpackaged Pastries | 171.9 | 147.4 | 159.7 | 174.3 | 186.7 | 194.5 |
| Dessert Pies and Tarts | 29.6 | 32.0 | 36.2 | 35.7 | 35.0 | 34.0 |
| - Sweet Pies and Tarts | 26.8 | 28.5 | 32.2 | 31.3 | 29.9 | 28.0 |
| - Frozen Cakes, Sweet Pies and Tarts | 2.8 | 3.4 | 3.9 | 4.5 | 5.2 | 6.1 |

Source: Euromonitor International from official statistics, trade associations, trade press, company research, store checks, trade interviews, trade sources

Japan's bakery production value recorded modest growth in 2024, driven primarily by three factors. First, bakery product prices experienced relatively moderate increases. Second, pastry products performed exceptionally well, growing by over 40%. Lastly, the recovery of domestic and international tourism boosted demand for cakes as souvenirs and gifts.

During the pandemic, sales of dessert pre-mixes in Japan experienced significant growth, largely due to school and business closures prompting people to spend more time cooking and baking at home. As the largest segment within bakery products, pastries are expected to maintain steady growth throughout the forecast period. Cake products are similarly projected to demonstrate stable growth, partly attributable to an increase in international tourist arrivals and local dining activities, which will likely drive demand for cakes as souvenirs among domestic and foreign visitors. In recent years, amidst rising raw material costs, health-oriented marketing has remained a crucial strategy for manufacturers to sustain sales. It is anticipated that more companies will increasingly emphasize the health benefits of their products to attract consumers and enhance profitability in the coming years.

⑤ Overview of the Indonesian baking industry

According to the Euromonitor International report, Indonesia's bakery production value grew by 8% in 2024, reaching IDR 53.9 trillion. Nippon Indosari Corp PT is currently the market leader in Indonesia, holding a market share of 6%.

Table 2 Sales of Baked Goods by Category: Value 2019-2024

| IDR billion | 2019 | 2020 | 2021 | 2022 | 2023 | 2024 |
|--------------------------------------|----------|----------|----------|----------|----------|----------|
| Baked Goods | 36,329.2 | 35,420.2 | 37,921.3 | 45,330.1 | 49,824.5 | 53,923.2 |
| Bread | 6,972.1 | 7,168.6 | 7,683.3 | 9,355.5 | 11,302.8 | 12,642.4 |
| - Flat Bread | - | - | - | - | - | - |
| -- Packaged Flat Bread | - | - | - | - | - | - |
| -- Unpackaged Flat Bread | - | - | - | - | - | - |
| - Leavened Bread | 6,972.1 | 7,168.6 | 7,683.3 | 9,355.5 | 11,302.8 | 12,642.4 |
| -- Packaged Leavened Bread | 4,159.2 | 4,229.2 | 4,567.5 | 5,509.2 | 6,322.6 | 7,343.4 |
| -- Unpackaged Leavened Bread | 2,812.8 | 2,939.4 | 3,115.8 | 3,846.2 | 4,980.2 | 5,299.1 |
| Cakes | 4,265.8 | 4,497.7 | 4,833.7 | 5,275.8 | 5,718.2 | 6,145.2 |
| - Packaged Cakes | 1,247.2 | 1,343.3 | 1,521.6 | 1,786.0 | 1,883.8 | 1,988.7 |
| - Unpackaged Cakes | 3,018.6 | 3,154.4 | 3,312.2 | 3,489.8 | 3,834.4 | 4,156.5 |
| Dessert Mixes | 2,489.8 | 2,606.8 | 2,763.2 | 2,953.8 | 3,159.6 | 3,340.4 |
| Frozen Baked Goods | - | - | - | - | - | - |
| Pastries | 22,601.6 | 21,147.1 | 22,641.1 | 27,745.1 | 29,643.9 | 31,795.1 |
| - Packaged Pastries | 12,345.3 | 10,378.0 | 11,312.0 | 14,342.6 | 15,375.6 | 16,720.0 |
| - Unpackaged Pastries | 10,256.3 | 10,769.1 | 11,329.1 | 13,402.5 | 14,268.3 | 15,075.2 |
| Dessert Pies and Tarts | - | - | - | - | - | - |
| - Sweet Pies and Tarts | - | - | - | - | - | - |
| - Frozen Cakes, Sweet Pies and Tarts | - | - | - | - | - | - |

Source: Euromonitor International from official statistics, trade associations, trade press, company research, store checks, trade interviews, trade sources

In terms of consumer demand, bakery products in Indonesia are generally considered nonessential items, primarily consumed for breakfast—such as bread and pastries—or as snacks and desserts, such as cakes. Consumers in the low- to middle-income segments typically prefer more filling breakfast options to prolong the feeling of satiety, helping to reduce the need for snacking or to delay the next meal.

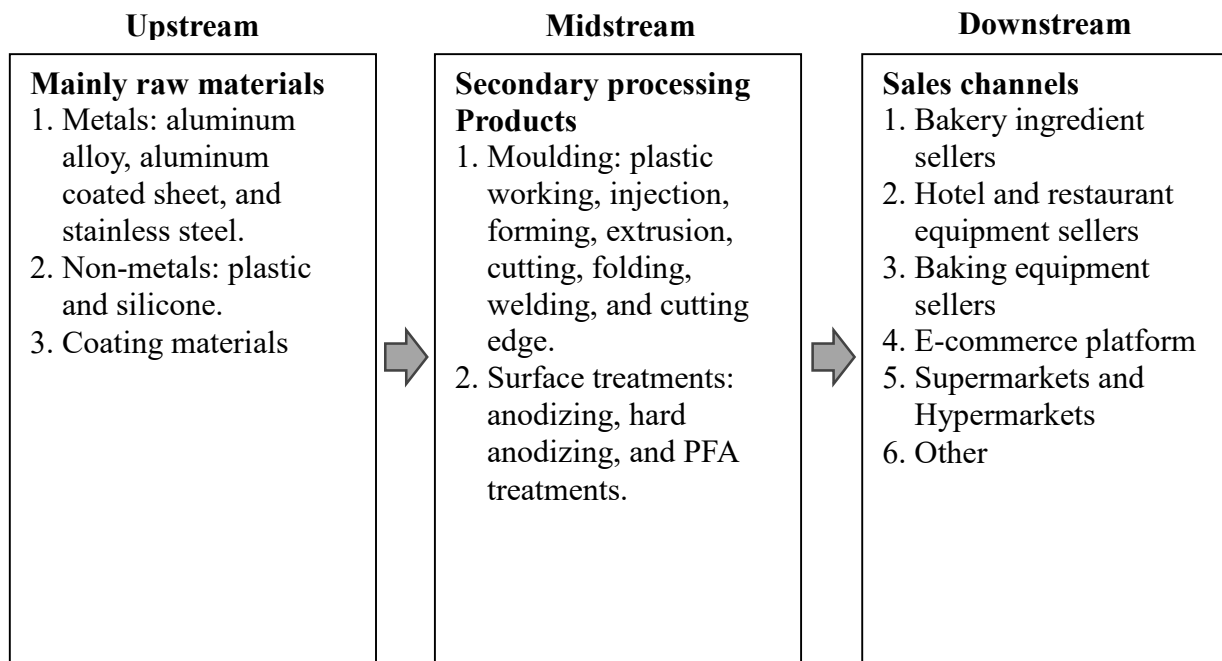
In 2024, Nippon Indosari Corp, the parent company of the well-known brand Sari Roti, maintained its leading position in Indonesia's bakery market. Sari Roti has long been the dominant name in the country's packaged bread segment. However, competition in the packaged leavened bread segment has intensified, with emerging brands gradually gaining market attention. Sari Roti has long been the preferred brand for packaged bread in Indonesia.

With the growing popularity of alternative packaged leavened bread products, Sari Roti has expanded its product portfolio by introducing more premium offerings. These products include sweet breads specifically tailored for modern retail channels, with a particular focus on supply to convenience stores.

In Indonesia, rice and noodles remain the dominant staple foods, while bakery products continue to be a secondary choice for many consumers. Nevertheless, the bakery category is showing growth potential by attracting new consumer segments. Despite a positive outlook, challenges persist— particularly the uncertain economic environment. Consumers may continue to prioritize essential staples over bakery items, especially as the cost of daily necessities rises and spending becomes increasingly focused on basic needs. Over the forecast period, the retail volume growth of pastries is expected to outpace that of bread, reversing the trend observed over the five years leading up to 2024. Several factors are driving this shift, including the greater convenience of pastries as ready-to-eat meals or snacks, as they are often pre-filled and require little to no preparation.

(2) Connections among the industry upstream, midstream and downstream

The Company's main products are sold through logistics channels stocking shelves, ecommerce, and industrial customized products, along with other sales efforts. The connections among the Company's upstream, midstream, and downstream industry sectors are as follows:



(3) Various product development trends

Observations on Asian bakery market trends from Japan's perspective, rental and labor costs remain the primary operational expenses in the bakery industry. Additionally, the declining number of young people entering the sector has made recruitment increasingly difficult. As a result, industrial clients are expected to play an increasingly significant role in the market. To drive continuous sales growth and meet rising consumer demand for healthier options, some major bakery manufacturers have begun collaborating with renowned pastry chefs to launch co-branded products. Data across various markets indicate that artisanal bakeries still hold a relatively high market share: 74% in Taiwan, 47% in Mainland China, and 70% in South Korea. Despite the ongoing recruitment challenges, artisanal bakery operators are striving to improve production efficiency through the use of optimized ingredients, equipment, and moulds. In the supermarket and OEM segments, in-store baking and product sampling are used to boost consumer interest and purchasing intent. These products are positioned with strong cost-performance advantages, while profitability is maintained primarily through the use of frozen dough and semi-finished frozen products, which help reduce labor costs and minimize product waste. In the household and private baking segment, consumers are increasingly interested in creating healthier or trendy baked goods at home. The challenge lies in effectively influencing consumer preferences and encouraging them to purchase the necessary moulds and tools in line with emerging trends.

In the industrial client segment—particularly in the Japanese market—high-use coatings, although associated with higher upfront procurement costs, offer the advantage of lower cost per use, thereby reducing overall production costs. At the same time, food safety remains a key focus. The adoption of iron-containing plastic tools is becoming a priority, as these can be detected by metal detectors to prevent foreign object contamination. Color management is also emerging as a development trend. By using tools in different colors for each day of the week, manufacturers can trace potential foreign object contamination to a specific production day. Amid economic downturns, environmentally friendly reprocessing methods can significantly reduce procurement cost pressures for manufacturers. In addition, Sanneng's diagnostic services help enhance product quality while new technologies, materials, and designs contribute to reducing labor costs for clients.

Improving baking efficiency and reducing production costs through the continuous development of energy-saving and labor-reducing moulds remains a key industry trend. Since its launch, over two million energy-efficient toast moulds have been sold. By shortening the baking time, these moulds not only enhance the moisture retention of baked goods but also increase production turnover. Sanneng's patented angled-edge baking tray helps reduce labor requirements on the production line by at least one to two workers.

The European Union has recently begun phasing out the use of Teflon surface coatings. In response, Sanneng has started to develop and apply non-Teflon surface treatments and heat-resistant plastic materials. Although non-Teflon coatings have lower sintering temperatures and generally do not match Teflon in terms of performance and durability, they are increasingly accepted by consumers due to rising awareness of environmental and health concerns. In terms of heat-resistant plastic applications, these materials also provide non-stick properties. Additionally, their one-piece moulding capabilities significantly reduce production time, further optimizing manufacturing efficiency.

In response to the needs of boutique bakeries, private kitchens, and household users, Sanneng continues to develop products made from recycled materials such as wood powder and oyster shell powder. These efforts aim to reduce plastic usage and support environmental sustainability. At the same time, the company is actively introducing antibacterial products to enhance food safety standards. With younger consumer groups increasingly embracing sustainability, these efforts help reinforce the brand's commitment to eco-friendly practices and contribute to the long-term development of Sanneng's customers' brand image.

(4) Competitive status

The Company's production does not require a very high entry level, but with our more than 40 years accumulated expertise and experience along with our consistent demand for high quality, we have maintained a very strong reputation and demand for our brand in the baking industry. Demand for baking utensils has risen along with China's rapid development of its baking industry. Many firms have invested in the provision of baking utensil products, affording consumers a variety of choices in the marketplace. Numerous domestic baking utensil brands have been launched with strong price advantages, leading to their market pre-eminence through fierce price competition.

5.1.3. Technology and R&D Overview

(1) Research and development in 2024 (Consolidated Statements)

| | | Unit: NT\$ thousands |
|---|------|----------------------|
| Item | Year | FY 2025 |
| Research and development expenses | | 89,876 |
| Net Revenue | | 1,996,591 |
| Research and development expenses/ Net Revenue Ratio(%) | | 4.50% |

Information sources: Consolidated Financial Reports duly approved by the Auditor CPAs.

(2) Successfully developed technologies or products

| Year | Major research and development results |
|------|---|
| 2024 | <ul style="list-style-type: none"> ①Stamping automation applications Improve existing production efficiency and save labor. ②Automatic baking pan bending machine applications Improve existing production efficiency. ③Blade Composite Material Application |

| Year | Major research and development results |
|------|---|
| | <p>Enhancing blade hardness in specific areas to improve performance and reduce costs.</p> <p>④Automated Spraying for Small Appliances Increasing production efficiency and ensuring stable quality.</p> <p>⑤Creative Design (Diamond Toast Box) Expanding shaped toast product offerings to enhance visual appeal.</p> <p>⑥Instrument reprocessing process Product reuse to comply with ESG concepts.</p> <p>⑦Outdoor Product Development Expanding the product lineup of "SANNENG OUTDOOR" items.</p> |
| 2025 | <p>①Improvement of Round-Bar Baking Tray Mould Trays used to shake when stacked, causing the sides to collide and scratch the coating. After the improvement, they can be stacked without friction.</p> <p>②Flip-Over Trolley Products can be inverted directly after baking, reducing manual labor.</p> <p>③Development of Front-of-House Product Series Developing various products to enhance the style of bakery stores.</p> <p>④Products Passed German LFGB Food Grade Certification</p> <p>⑤Implementation and Application of Laser Color Engraving Machine In line with market trends, increasing product diversity, variety, and meeting customization requirements.</p> <p>⑥Implementation of AI Design Software Shortening the time for R&D design and drawing.</p> |

5.1.4. Long- and short-term operational development plans

(1) short term operational development plan

① Design, research and development

- A. Product designers understand the art of production in practice. This helps to enhance their R&D and design competences and to reduce design flaws;
- B. The designers directly communicate with customers' sales reps to stay on top of design progress, thereby enhancing work efficiency and the volume of customized orders. Work with renowned bakers on product endorsement and adopt suggestion made by chef users in product improvement and development so as to ensure the trend-setting position of the new products;
- C. Established collaborative initiatives with partner universities and research institutions to promote industry-academia cooperation;
- D. Recruit and train industrial design talents, apply AI technology, and to design trend-leading products with equal emphasis on appearance and practicability;
- E. Research and develop new materials and new processes with low carbon emissions, so that carbon emissions from the products can be reduced;
- F. Develop plastic-reducing products or substitute plastic;
- G. Develop heat resistant plastic and the product applications;
- H. Develop heat resistant plastic applications.

② Marketing operations

- A. Enhance the capability to propose to centralized bakeries, partner with ingredient suppliers to propose products and services. Pair with mould sales to provide a diversified product portfolio, including sales, mould design, cleaning supplies, reprocessing services, technician

team services. At the same time, through diagnostic services, observe the production process of customer factories to give product and production process improvement recommendations to reduce costs and increase efficiency, thereby enhancing customer trust;

- B. Increase the market share of online sales, enhance brand competitiveness through online course sales, ingredient pairing sales, co-branded product sales, livestreaming sales, and optimizing platform content. Assist ecommerce distributors to develop customized and exclusive products to increase profit margins through product differentiation and customer group differentiation. Collaborate with top online oven brands to attract shared fan traffic and increase product sales;
- C. In response to rising labor costs in the baking industry, the market demand for frozen dough is expanding. Consequently, the Company has partnered with several major manufacturers to develop specialized baking pans and related products for frozen dough;
- D. Energy-saving products continue to be promoted and developed to assist downstream operators to reduce baking costs and increase production, thus reducing energy consumption that is also conducive to environmental protection;
- E. As ESG issues continue to garner widespread attention, Sanneng has launched a series of WPC products, using plastic combined with recycled wood chip powder, oyster shell powder and coffee grounds to replace 30% to 50% of plastic usage, enhancing consumer awareness and recognition of the brand;
- F. Form industrial alliances and cross-industry alliances, increase added value of the brand and add sales channels through co-branding activities and live streaming;
- G. Work with professional institutions to enhance educational training in product knowledge, materials, coatings and food safety to advance professional knowledge of students, instructors and distributors while conveying the business philosophy of the Company of offering healthy and safe cooking utensils;
- H. Develop greater presence in the Southeast Asian markets and prepare the entry into European and American markets. Southeast Asia represents a major market for the Company exports. Local marketing managers and export sales representatives are required to pay visits to each region for one to two weeks every month to get a better understanding of the local culture, to assist local representatives in promoting the Company's brand and to enhance central kitchen customer relations. Brand promotion in European and American markets will be achieved by sponsoring schools baking utensils, participating in exhibitions and having consultants to promote the brand;
- I. Raise brand awareness through international bakery associations and allow bakery students and chefs to approve the Company's brand through sponsoring bakery competitions, developing equipment for contestants and holding the Sanneng Cup bakery competition.
- J. Collaborating with local South Korean competitors to negotiate exclusive agency rights for the Korean market. We will participate in a local exhibition in South Korea in April 2026 to promote the Sanneng brand in partnership with local chefs. Furthermore, in June 2026, we will host promotional demonstrations in three cities featuring both South Korean chefs and Taiwan's World Champion Baker, Wang Peng-Chieh.
- K. Planning the retail business unit by segmenting the Sanneng commercial brand team from the retail brand team. Product development and sales will focus on three main pillars: Kitchen, Health, and Lifestyle. We aim to upgrade the Sanneng Home series to drive revenue growth.
- L. The Taiwan market plans to act as an agent for international household oven brands to strengthen our one-stop shopping model.
- M. Evaluating and analyzing investments in South Korean competitors and Chinese partners to

deepen collaborative relationships. Based on future needs, the Company will conduct feasibility analyses for potential acquisitions.

③ Manufacturing and production

- A. Improve the utilization and efficiency of the existing automated production equipment, reduce labor costs and at the same time solve the difficulty to directly recruit labor on site;
- B. Continue to plan the introduction of automation equipment, optimize the existing automation equipment and gradually introduce smart manufacture;
- C. Start to gain knowledge of what smart manufacturing needs and consider purchasing new equipment;
- D. Research of various technological fields and their applications in bakeware.;
- E. Analyze subsidiaries' respective production and marketing advantages, effectively leveraging production resources across Mainland China, Taiwan, and Indonesia, and optimizing the allocation of work.

④ Finances

- A. Use the capital effectively and decrease the cost of capital by integrating the financing plan and dispatching the Company and its subsidiaries' funds;
- B. Monitor exchange rate risks to avoid exchange loss;
- C. Use short-term idle funds with risk management measures;
- D. Enhance inventory management and receivable management to improve short-term working capital turnover rate.

(2) Long-term operational development plan

- ① Develop high value added products, and broaden the Sanneng Premium product series to raise brand awareness for professional bakers, executive chefs, and high end consumers. Research and develop new products from the user-centered perspective and use the new Sanneng Premium brand as an entry point into the kitchen utensils market in the future;
- ② Adopt strategic alliances and corporate mergers and acquisitions to integrate resources from the upstream and downstream of domestic and foreign baking utensil industry, and establish renowned international brand names;
- ③ Work with the industry, government, academia and research institutions to research and develop coatings that are environmentally friendly and in compliance with food safety regulations;
- ④ Carrying out the corporate purpose of "improving the level of bakery technology in Asia and jointly creating a bakery ecosystem", the Company has established a bakery ecosystem platform to provide Taiwanese masters to open offline training courses in the Southeast Asian market. By promoting the company's product features through these masters, we can enhance their personal brand awareness while also improving the baking technology level in Southeast Asia. In the future, we will be connecting these masters to large-scale central factories and chain stores in Southeast Asia to develop new products and transfer baking technology. This will also drive mould sales and related equipment and raw material vendors to promote their sales;
- ⑤ Launching the SANNENG OUTDOOR brand to target the outdoor goods market, leveraging the Company's over 40 years of metal manufacturing and surface treatment expertise. We aim to offer camping essentials such as cookware, drinkware, tables, chairs, and lighting fixtures. Our brand philosophy, "Home is Where the Heart is," underscores our commitment to

innovation and creating a sense of home wherever one ventures;

- ⑥ In response to the pricing requirements of middle to low-end industrial clients in China, we are adopting the SNI (SANNENG INDUSTRY) brand to enter the market with products tailored to the pricing and quality levels suitable for this customer segment, thereby increasing sales revenue;
- ⑦ In order to enhance market development in the catering sector, a new catering project department was established in 2024 to gain a deeper understanding of the overall catering landscape. Through the development of corresponding products within the steam oven series, efforts were made to actively explore the product development needs of the coffee market as well;
- ⑧ Launch the SANNENG HOME series brand, focusing not only on continuous development in the baking household market but also on the development of kitchenware, storage, cleaning products, and other related items. They continuously optimize products required in the household market.

5.2. Overview of Marketing and Production/Distribution

5.2.1. Market Analysis

(1) Main products (services) marketing (provision) areas

Unit: NT\$ thousands

| Area \ Year | 2024 | | 2025 | |
|----------------------------|-----------|----------------|-----------|----------------|
| | Amount | Percentage (%) | Amount | Percentage (%) |
| Taiwan | 322,291 | 15.80 | 290,550 | 14.55 |
| China | 1,380,036 | 67.67 | 1,353,114 | 67.77 |
| Other Asia | 283,090 | 13.88 | 288,490 | 14.45 |
| Europe, America and Others | 54,005 | 2.65 | 64,437 | 3.23 |
| Total | 2,039,422 | 100.00 | 1,996,591 | 100.00 |

(2) Market Share

The Company is a baking utensil manufacturer which primarily produces baking utensils such as baking pans and baking moulds, for distribution mainly across China and Taiwan, and at present the Company enjoys a strong market presence in the China and Taiwan baking utensil markets. However, at present there are no research institutions which have produced market report forecasts for the baking utensils market, so it is impossible to elucidate the entire baking utensil industry's integrated market production value, and thus to determine the Company's actual market share.

(3) Future market demand and supply status and growth characteristics

The Company primarily supplies the China and Taiwan baking utensil markets, and there is an ever increasing trend for organic and naturally healthy foods and beverages. More consumers are eating baked goods with less sugar, less fat, and fewer additives. Additionally, bread stands as a favorable option amid consumer demand for convenient foods and beverages. We can thus expect continued growth in the baked goods market.

According to a report by Euromonitor International, China's bakery market is expected to see a modest 3% growth in 2024, reaching a market value of RMB 253.6 billion. Both sales volume and revenue of baked goods in China are projected to maintain single-digit growth, slightly slower compared to 2023 and pre-pandemic levels. This slowdown is mainly attributed to the post-pandemic economic recovery falling short of expectations, prompting consumers to adopt more cautious spending behaviors. More and more consumers are seeking products with better quality and value, thereby limiting the overall growth of the bakery sector. Although offline chain stores have seen a significant reduction in the number of outlets due to pressure from rent and labor costs, and

the waning influence of internet celebrity-driven sales has slowed industry growth, several emerging brands have nevertheless expanded their retail presence aggressively. In addition, supermarket private labels have improved technologies in frozen dough and cakes, which not only reduce production costs and create profit opportunities but also attract more consumers through high cost-performance ratios and the appealing atmosphere of in-store baking. Trendy items such as millefeuille egg tarts, butter rice cakes, and corn tarts — first popularized by boutique bakeries — have spurred imitation by large chains and joint promotions with ingredient suppliers, driving up the sales of baking moulds.

Over the past two years, bread festivals have been held in many cities across mainland China, allowing boutique bakery owners to enhance brand awareness, boost sales, and, most importantly, collect potential customer lists for future marketing. In light of this, Sanneng and the online media platform "Bucangsi Bread Craftsman" will co-host approximately 6 to 8 bread festivals every year to introduce more boutique bakeries to Sanneng, supporting its promotional efforts. Inspired by the positive results from pop-up events involving boutique bakeries in Taiwan, Sanneng also plans to partner with local distributors to host similar bread festivals. These events will not only provide platforms for boutique bakeries to increase sales and brand visibility but also enhance customer loyalty to the San Neng brand.

As Chinese bakery chains begin exploring Southeast Asian markets and some brands have already entered countries like Singapore, Thailand, Indonesia, and Malaysia, Sanneng aligns with its mission to "improve baking technology in Asia and co-create a baking ecosystem." To this end, San Neng Group is collaborating with ingredient suppliers, equipment manufacturers from Taiwan and mainland China, and champion bakers — including Japanese champions — to conduct baking demonstrations in Southeast Asian countries such as Malaysia, Singapore, and Thailand. These demonstrations aim to improve local baking standards while promoting and selling baking moulds, ingredients, and equipment in these markets. Moving forward, San Neng Group will work with chefs and consultants to provide technical support to large chain stores and industrial clients in the region to further drive sales of its baking moulds.

To expand domestic consumption, the Chinese government has introduced a national home appliance subsidy policy by the end of 2026, offering up to a 10% subsidy. This policy has spurred the demand for home baking ovens, leading to a significant increase in sales of Sanneng's baking trays and toast moulds, resulting in short-term supply shortages. Despite the broader economic impact of the U.S. tariff policy in 2025, it presents new opportunities for cross-border ecommerce. Recently, Sanneng has seen a significant upward trend in its cross-border ecommerce business. Although this channel currently represents a small portion of total sales, the company will continue to strengthen its investment and expansion in this area.

(4) Competitive niche

① Well-established brand reputation

The Company's Sanneng Taiwan subsidiary has been established for over forty years, while Sanneng Wuxi has been in existence for twenty years. With long term efforts and initiatives, the twin brands of SANNENG and unopan have gained well-earned reputations in the commercial baking and home baking utensil markets, which will help to foster further market penetration as a key competitive strength.

Starting in 2024, we have adopted a strategic approach focused on market segmentation, localization, and continuous innovation.

② Our Board of Directors' and Shareholders' team have rich industry experience

The Company has three independent Directors representing the finance and accounting field, the baking industry, and the manufacturing field. Our Board of Directors' and shareholders' team boast rich experience in the upstream baking industry and the downstream baking equipment and baking ingredients industries. This ensures their ability to make adept and adroit quality business

decisions for the Company's operations.

③ Customized services

The Company has accumulated years of experience in production and marketing, and has our own Research & Development Center staffed with highly-educated personnel, who are able to meet customer's unique needs, develop and design new products, and produce customized goods, with rapid prototyping and mould production for high quality products.

④ Our one-stop shopping service

The Company affords a complete range of commercial baking utensils, household baking utensils, and more than 2,000 products, ensuring varied offerings for our customers, and meeting their demands for one-stop shopping services.

⑤ Comprehensive marketers system

The Company's operating model relies on a marketing system of sales including our solid teams in Taiwan, Wuxi, Japan and Indonesia, where we deploy evaluations, training, guidance, and selection advice for marketing management operations, allowing us to service end-user customers through local marketers, ensuring stable growth and achieving mutual benefits for the Company, our marketers, and consumers.

⑥ Innovative, pioneering products

The Company develops approximately 80 to 100 new products in each year, including the various shaped toast moulds and low sugar toast moulds developed in 2020, which were highly popular among channel operators and were purchased in large quantities to lead market trends.

Concurrently, the competitive niche of reducing baking time by 15% to 30% using the low sugar toast containers have also encouraged an increasing number of customers to adopt energy-saving products with enhanced baking efficiency. We adopted AI technology to rapidly design product appearances and shapes, significantly enhancing the efficiency of new product design in 2024.

⑦ Returning to the Essence of Technology to Build an Authoritative Brand

Sanneng has solidified its position as the leading brand in Asia's baking equipment industry for over 40 years with its superior quality. Now, we are returning to the core of technological development by enhancing product quality, focusing on key product improvements, applying non-stick technology, digitizing product selling points, and engaging with consumers through video content.

At the same time, San Neng Group has been recognized by many baking industry experts, including the grain research institute, world bread champions, and influential local boutique bakery chefs, to endorse our brand and strengthen its authority.

⑧ Providing the most complete solutions

By integrating industry-leading enterprises with the resources of large corporations, and by researching and developing new products and operating procedures, we are capable of providing one-stop solutions to our customers. Additionally, through market research in Japan, Korea, and other regions, offering clients valuable insights into market trends and best practices, further strengthening our brand's credibility.

⑨ Launching automated manufacturing

The Company has been engaged in launching automated manufacturing in recent years, with implementation of automated surface treatment and plastic injection moulding to reduce manual and manpower requirements, resolving the difficulties in retaining qualified personnel, enhancing product quality and reducing manpower overhead. With the introduction of automated surface

treatment equipment, an integrated production line has been formed which covers processes from forming to surface treatment and fosters the ability to meet delivery schedules and to control product quality, boosting the Company's competitiveness considerably.

(5) Advantageous and disadvantageous factors and responsive measures for our development prospects

① Advantageous factors

A. The average bread consumption in China is 7.3kg/year

As the Chinese economy expands, the average income of its citizens continues to increase. The fast-paced, high-pressure work environment often leads younger consumers to choose sandwiches and bread for breakfast due to their convenience and speed of purchase. Families with children also commonly purchase bread in the evening to serve as the next day's breakfast. Compared to the average bread consumption of 24.8kg/year in Japan and 8.7kg/year in Hong Kong, per capita bread consumption in mainland China is projected to rise further, fueling the overall growth of the bakery market. Chinese-style pastries have become increasingly popular in recent years, attracting young consumers with their modern image and adoption of Western-style approaches such as low oil and low sugar. Office workers frequently enjoy these Chinese-style pastries during their afternoon tea breaks.

B. Rise of specialty/upmarket stores

In recent years, both Taiwan and China have witnessed a rise in boutique or upmarket stores. According to data from Meituan, China has more than three hundred thousand standalone or mid to small-sized chain stores. Although these upscale stores may not have large-scale operations, they wield significant influence within their industries. Moreover, influencer promotions through social media platforms such as Xiaohongshu, Douyin, Instagram, etc., can quickly promote new products across the entire network, driving rapid replication of the overall baking market. Simultaneously, they also drive large chain stores to launch new products and procure Sanneng's mould products. The industry has embraced the promotion of bread culture festivals. Last year, such festivals took place in major cities like Taipei, Shanghai, Guangzhou, Beijing, and Chengdu, featuring the participation of 50 to 80 local influencers or specialty stores. These events not only educate consumers about bread culture but also enable these stores to broaden their customer base.

C. Emergence of second-generation owners in large-scale chain brands

While many chain bakery systems experienced rapid market expansion during their growth phase, concerns have arisen regarding brand upgrades, product alignment with young consumers' preferences, and the optimization of supply chains to reduce costs and enhance efficiency. Presently, only a handful of entrepreneurial founders can adapt swiftly to these dynamic market shifts, while others face market contraction due to their inability to keep pace. However, with the ascent of the second generation taking over the helm, there is a proliferation of fresh ideas and an ability to adjust products and company operations in response to market dynamics. Sanneng facilitates outreach events for the second generation in collaboration with the China Grain Products Research & Development Institute (CGPRDI) and conducts networking events with the China Association of Bakery & Confectionary Industry in mainland China. These initiatives foster interactions among young second-generation individuals, facilitating the transmission of our company's brand philosophy, vision, and values and enhances recognition among the second generation and bolsters our brand's competitiveness.

D. Elevating the level of baking technology in Asia to co-create a baking ecosystem

In the Post-COVID era, baking exchanges and learning in the Asian market have gradually resumed. Taiwanese master bakers lead groups to developed economies such as Japan and South Korea to learn about new baking products and techniques, aiming to enhance baking skills. At the same time, Taiwanese master bakers also hold classes in Southeast Asian markets

to teach more Southeast Asian bakeries or upmarket stores about new Taiwanese baking products. Thanks to the Company's strong brand loyalty among the majority of master bakers, they are enthusiastic about endorsing Sanneng's various products abroad. We advocate for the teaching-to-sales model in Southeast Asian markets to further expand our reach. Moreover, an increasing number of baking industries in mainland China are venturing into Southeast Asia, which is expected to accelerate the growth of the baking market in the region.

② Disadvantageous factors

A. Changes in the prices for raw material metal products

The primary raw materials used in the Company's core products are aluminum alloy sheets and aluminized steel sheets, the prices of which are heavily influenced by global commodity price fluctuations. Aluminum alloy baking trays offer superior thermal conductivity compared to aluminized steel and stainless steel, enabling faster heat-up and more even heat distribution, thereby improving energy efficiency. In addition, aluminum alloy trays exhibit excellent corrosion resistance, which helps extend product lifespan while maintaining hygiene and food safety standards. Given these material characteristics, aluminum alloy is currently considered irreplaceable in the baking industry. As such, fluctuations in aluminum prices have a direct impact on the cost of baking trays and other related bakeware products.

Responsive measures

a. Diversification of Raw Material Procurement Channels:

Enterprises can reduce their reliance on a single market or supplier by diversifying their raw material procurement channels. This strategy helps mitigate the impact of international market fluctuations on raw material costs.

b. Enhanced Market Supply and Demand Monitoring:

Closely monitoring changes in market supply and demand dynamics enables enterprises to respond to price fluctuations through flexible adjustments in production planning and inventory management. By timely adjusting the safety stock levels of raw materials, companies can reduce the risk of losses resulting from raw material price declines.

c. Improving Production Efficiency and Technological Standards:

By adopting advanced production processes and technologies, enterprises can enhance operational efficiency and reduce unit costs, thereby partially offsetting the impact of rising raw material costs.

d. Price Adjustment:

When raw material costs rise beyond a certain threshold, timely price adjustments are necessary to mitigate the impact of increased material costs on profit margins.

B. Employee wage overhead increases and labor shortages

Since the implementation of the Labor Contract Law in 2008, Mainland China's labor market has undergone significant changes. The law clearly stipulates workers' rights related to paid leave, overtime compensation, severance pay, and social insurance contributions, leading to a substantial increase in labor costs for enterprises. In recent years, the Chinese government has continued to promote labor rights protection and salary standard improvements, further raising compliance costs and management challenges for businesses in employment practices.

a. Upward trend in labor costs

Since 2011, provinces and municipalities across Mainland China have adjusted minimum wage standards annually. These wages are significantly higher than those for comparable positions in Southeast Asian countries. This has not only increased enterprises' base salary expenditures but has also driven up associated costs, including social insurance,

housing provident fund contributions, overtime pay, and employee benefits. As a result, labor-intensive industries are facing substantial operational pressure.

b. Social Insurance and Corporate Compliance Burden

In recent years, the Chinese government has intensified the enforcement and oversight of social insurance contributions, promoting the "Universal Insurance Participation Plan", which mandates that enterprises enroll all employees in the social insurance system. In 2024, some cities raised the contribution base for social insurance, further increasing labor cost burdens on businesses. The impact has been particularly significant for the manufacturing and service sectors.

c. Labor shortages and demographic shifts

Since 2022, China has experienced negative population growth for the first time in over 60 years, and the population is expected to continue declining in the coming years. Although the government has gradually relaxed birth control policies and introduced various pronatalist measures, high child-rearing costs and a lack of willingness among younger generations to have children make it difficult to reverse the population decline in the short term. The working-age population (ages 16–59) has been steadily shrinking, with estimates suggesting a decrease of approximately 59.6 million people by 2025 compared to 2015, directly impacting the available labor supply.

Responsive measures

To reduce the impacts of wage increases on operating overhead, the Company has been continuously evaluating integration of automated manufacturing equipment and machinery, with an expanded percentage of automatic production and reducing the dependence on manpower in response to the trends in the Chinese labor market for higher wages and difficulties in finding labor. Moreover, to actively develop the Southeast Asian market and mitigate the adverse impact of high manufacturing costs in China, the Company established Sanneng Indonesia Industry in Solo City, Java Province, Indonesia, in early 2024. This marks the establishment of our group's third production base, which officially began production in 2025. This move aims to develop Southeast Asian countries with lower labor costs.

C. Fierce competition in the baking utensil industry

Demand for baking utensils has risen along with the rapid development of baking market in China and Southeast Asia. Many firms have invested in the provision of baking utensil products, affording consumers a variety of choices in the marketplace. Numerous domestic baking utensil brands have been launched with low price strategy, leading to their market preeminence through fierce price competition.

Responsive measures

The Company will continue to invest in baking utensil and manufacturing technology research and development, including existing efforts aimed at improving product structural design, materials, and manufacturing. Further research is planned for metal baking mould surface processing through environmentally friendly production, as well as new materials and advanced technologies for non-stick coating. These efforts will ensure our competitive strengths as a technology leader. In the same time, the Company launching new products to meet the consumer demand and applying for patents to pursue greater differentiation in products from the competitors are the efforts made to lessen the impact of fierce competition in the industry. Moreover, the Company will continue to deploy automated manufacturing equipment, increase our percentage of automatic production, and reduce manpower overhead, while increasing production efficiency and ensuring stable product quality, to advance the market competitiveness of the Company's products.

Furthermore, under our ESG project, the Company obtained ISO 50001 Energy

Management System certification in 2022. The certification was obtained again on November 25, 2025, and is valid from November 25, 2025 to December 14, 2028. Through process optimization and management techniques, we aim to save energy usage in electricity, steam, gas, water, etc., to achieve energy conservation and carbon reduction objectives. Moreover, the Company has implemented several sustainability initiatives. The Company has established a wastewater treatment plant to recycle and purify wastewater for reuse. Additionally, solar panels have been installed to decrease our reliance on external power sources. The Company has also introduced low-sugar toast moulds to reduce customer energy consumption. Furthermore, The Company has developed plant-based plastics by repurposing waste materials such as sawdust, oyster shell powder, and coffee grounds, reducing plastic usage by 30% to 40%. These efforts not only enhance customer loyalty to the Sanneng brand but also contribute to carbon emission reduction, aligning with our commitment to environmental responsibility. In addition to sustainability efforts, we aim to assist customers in reducing production costs and labor expenses through diagnostic services and the introduction of innovative processes, technologies, and surface treatments. By offering technical support, we foster customer loyalty and mitigate the risk of price competition that could erode profit margins. Collaborating closely with raw material suppliers and equipment manufacturers, we propose joint solutions to enable the mass production of new products, thereby reducing customer proposal costs. Upon approval of these proposed products, customers are inclined to purchase raw materials, equipment, and moulds, driving further business growth.

In 2025, Sanneng Wuxi successfully obtained HACCP certification, which not only strengthens the control mechanisms against physical, chemical, and biological hazards, but also effectively helps customers mitigate food safety risks in production. This achievement meets the stringent safety requirements of globally renowned chain enterprises for suppliers, thereby securing more orders from international brands. Concurrently, Sanneng Indonesia Industry secured HALAL certification, which facilitates entry into the Muslim market, significantly boosting brand penetration and growth momentum.

D. Food Safety issues

In recent years food safety issues have become quite serious in Taiwan Strait. We have seen cases including the maleic acid toxic food starch production incident, the fraudulent sales of TOP POT BAKERY breads adulterated with artificial flavors, and fake milk powder. Beyond this, there have also been discoveries in the market of products with excessive manganese in Taiwan Railways bento meal containers and elementary school stainless steel lunch boxes, as well as excess aluminum dissolution from aluminum pots and other food safety non-compliance concerns. This has led to serious qualms among consumers about the use of metal food utensils in general. In response, the government has been amending food utensil inspection regulations, including Taiwan's adoption of the Act Governing Food Safety and Sanitation, the "sanitation standard for food utensils containers and packages," and the "food utensil, food equipment or packaging related regulations." In China, we have seen national food safety standard general security requirements of food contact materials and articles, as well as the national food safety standard for metal materials and products for food contact, and the national food safety standard for coating and films for food contact.

Responsive measures

The Company is strict when it comes to product quality. Aside from our stringent regulations governing procurement, research and development, and production units, we also abide by all the Taiwan and China food utensil safety regulations for internal inspection standards. Furthermore, we ensure quality testing for the relevant equipment, raw materials, semi-finished goods, finished goods, and gift items produced by other manufacturers.

The Company's quality inspection and control processes are managed by the Quality Control Department, and in recent years we have established a Technology R&D Center to

serve as the Command Center for all subsidiaries' quality control and management. For procurement of raw materials, besides requiring suppliers to provide quality reports, we also demand compliance with internal inspection standards for metal raw materials, and the use of metal analytical instrumentation and material mechanical performance testing machinery for quality tests to ensure there are no doubts or concerns with the quality of any materials. As for our production, we conform to manufacturing process regulations, and periodically undertake random inspections to ensure no aberrations in the manufacturing process. For our finished goods and items we purchase from other manufacturers. Besides our own internal inspection standards for random testing, we also periodically send products for testing to an independent, third-party laboratory or externally accredited institution for testing, to reduce any risks affecting safe consumer usage of our products.

E. As international economic growth stagnates and conflicts inflate raw material prices, consumers are adopting more discerning consumption habits.

Traditional large-scale promotional events in mainland China, like International Women's Day on March 8th, 618 Shopping Festival, Double 11, and Double 12, have witnessed declining consumer spending due to the emergence of platforms like Pinduoduo, which prioritize high value products. This intensified competition among platforms such as Tmall and JD.com has extended promotional campaign periods and escalated advertising expenses for brands, resulting in diminished profits or even losses. The landscape of online sales has also shifted from search-based e-commerce to interest-based e-commerce, rapidly driving consumption among Douyin users. Previously, consumers would search for the products they needed and compare prices from different sources before making a purchase. However, this behavior has evolved, and now consumers are influenced by product introductions on Douyin, sparking their interest and leading to purchases.

Responsive measures

To diversify revenue streams, San Neng Group has expanded into kitchenware and dining utensils, complementing our core baking products. Leveraging the popularity of live streaming, we actively promote on Douyin. Furthermore, apart from our past practice of engaging in livestreaming promotions by KOLs, we've initiated partnerships with micro-influencers boasting 10,000 to 100,000 followers and cultivated Key Opinion Consumers (KOC) on Xiaohongshu to bolster brand recognition and unveil new products. These strategic maneuvers enable us to swiftly reach the over 300,000 upmarket and specialty stores in China and attract new entrants into the baking industry, positioning our products as their preferred choice.

Furthermore, through partnerships with education and consulting firms, we collaborate with baking masters and instructors to use the Company's products for teaching purposes. This facilitates awareness of the Sanneng brand among aspiring entrepreneurs, encouraging them to purchase our products.

5.2.2. Major applications and production process for primary products

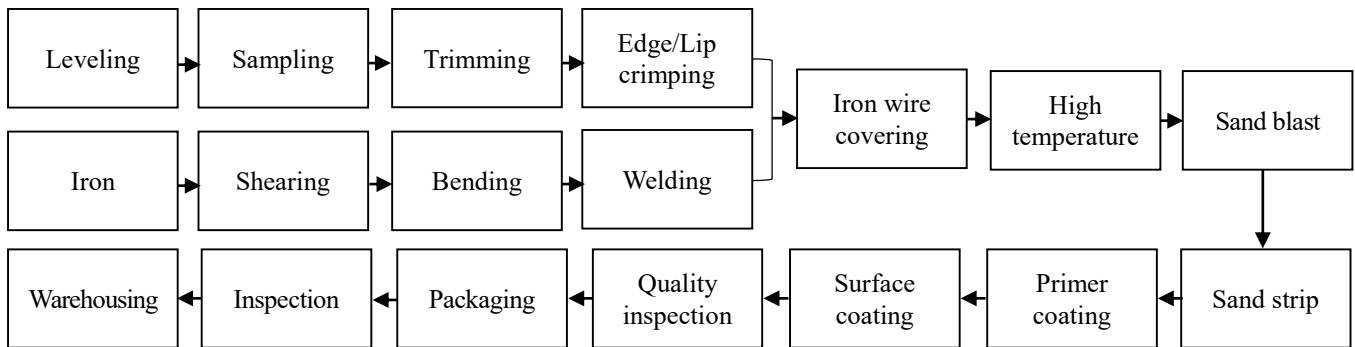
(1) Key applications of the primary products

| Main Products | Products (services) applications |
|-----------------------|--|
| Baking pans and trays | Used in ovens for baking foods, and convenient for placing foods into ovens for baking, and for removal of baked goods from the oven after baking. |
| Toast trays | Used for baking bread slices into toast, with bread slices placed into the toast tray, then baking as the bread slices expand, stretching and bending to conform to the desired toast shape of the tray. |
| Cake moulds | Used to hold cake batter to bake into a cake, by placing the cake batter into the cake mould and baking until the cake forms in the desired shape as the batter expands and shapes. |

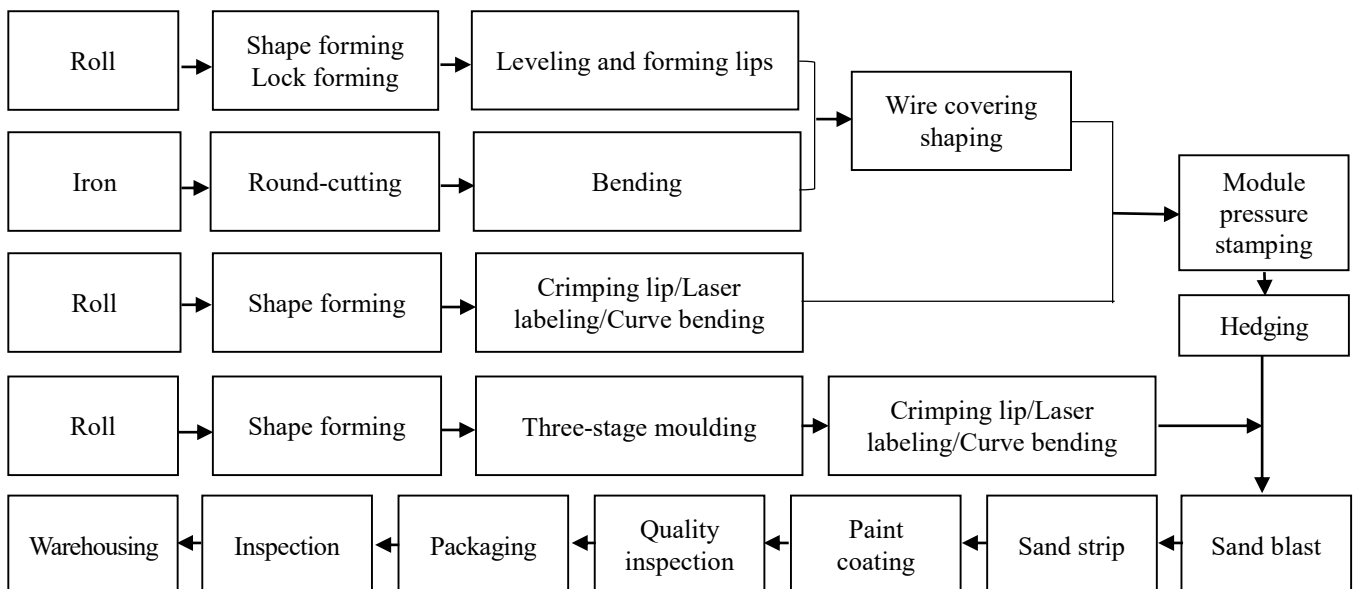
(2) Production processes of the primary product

The Company specializes in our own manufacture of baking pans and trays, toast trays, and cake moulds, with the production processes described, respectively, as follows:

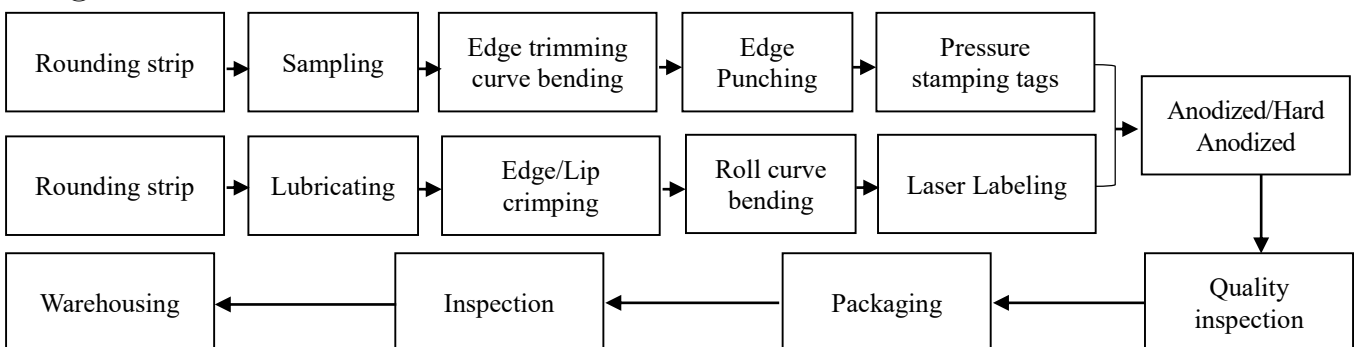
① Baking pans and trays



② Toast trays



③ Cake moulds



5.2.3. Supplies of main raw materials

The company's main raw materials are aluminum alloy, aluminum coated sheet, and stainless steel. All raw materials can be sourced locally, and due to geographical advantages, the access to supply and technical support is both convenient and efficient. The Company has built long-term cooperation and positive relations with its suppliers, who can meet the Company's needs in terms of quality, lead time, and cost. As of the date of publication of this Annual Report, no work interruptions

or other disputes have occurred due to the lack of materials.

5.2.4. Most recent two years' primary supplies and sales customer information

Suppliers accounting for more than 10% of annual net procurement for the most recent two years:

| Item | 2024 | | | | 2025 | | | |
|------|---------------|---------|--|------------------------------|--------------|---------|--|------------------------------|
| | Name | Amount | Percentage of annual net purchases (%) | Relationship with the issuer | Name | Amount | Percentage of annual net purchases (%) | Relationship with the issuer |
| 1 | Company A | 99,985 | 12.78 | None | Company A | 79,457 | 9.14 | None |
| 2 | Company B | 92,776 | 11.85 | None | Company B | 75,238 | 8.65 | None |
| 3 | Others | 589,853 | 75.37 | NA | Others | 714,945 | 82.21 | NA |
| | Net Purchases | 782,614 | 100.00 | - | Net Purchase | 869,640 | 100.00 | - |

Description of changes:

The 2025 purchase amount by Company A and Company B decreased compared to the previous year, mainly due to lower sales of customized products and baking trays, which led to a reduction in raw material procurement. The proportion of net purchases respectively decreased from 12.78% and 11.85% to 9.14% and 8.65%.

To prevent from making concentrated purchases to any one supplier, the Company continues to seek for alternative suppliers who can meet the Company's needs in terms of quality, lead time, and cost.

5.2.5. In 2024 and 2025, the Company did not have any sales customers who purchased more than 10% of the sales volume.

5.3. The most recent two year number of employees

April 30, 2026; Unit: Person

| Year | | 2024 | 2025 | As of April 30, 2026 |
|--|------------------------------------|--------|--------|----------------------|
| Number of Employees | Direct employees | 318 | 290 | 275 |
| | Indirect employees | 123 | 135 | 130 |
| | Management and Marketing Employees | 252 | 264 | 253 |
| | R&D personnel | 49 | 50 | 48 |
| | Total | 742 | 739 | 706 |
| Average Age | | 38.7 | 40.0 | 41.2 |
| Average length of service (seniority in years) | | 7.4 | 7.9 | 8.9 |
| Educational distribution ratio | Ph.D. | 0.00% | 0.00% | 0.00% |
| | Master's | 3.10% | 3.11% | 3.12% |
| | Bachelor's and university level | 42.86% | 45.88% | 45.75% |
| | Senior High School | 26.01% | 24.49% | 24.65% |
| | Below Senior High School | 28.03% | 26.52% | 26.48% |

5.4. Environmental protection expenditures

Expenses on environmental protection: In recent year and until publication date of annual report, losses due to environmental pollution (including compensation and violations of environmental regulations based on the findings of environmental protection audit results, its punishment date, reference number, the details of the article/s violated and its punishments, should be clearly listed), current and future possible expenses and countermeasures should be disclosed. If it is not possible to make a reasonable estimate of the expenses, the facts for not able to make a reasonable estimate should be clearly stated: None.

5.5. Labor Relations

5.5.1. The Company's employee welfare measures, continuing education, training, retirement system and implementation thereof, along with agreements between employees and the employer, and the status of various employees' rights and interests

(1) The Company's employee welfare measures, continuing education, training, retirement system and implementation thereof, along with agreements between employees and the employer, and the status of various employees' rights and interests

① Employee benefit plans

A. Work Environment

a. Employee Cafeteria: To provide employees a good dining space, the Company designed a cafeteria for employees which allows them to enjoy meals before work, at lunch and before working overtime. Cleaning staff maintains the environment and hygiene of the cafeteria on a daily basis. The cafeteria is an appropriate environment equipped with proper rinse units and microwave ovens that allow employees to reheat the meals they bring themselves, ensuring hygiene and health;

b. Underground parking is provided: In addition to free employee parking spaces, the Company has also designed an interior parking lot with raincoats and rain gear hanging areas to let employees commute to and from work in the rain with peace of mind;

c. Exercise gym: After employee finish work for the day, they can use the exercise gym to relieve stress and improve their health in balance with their work;

d. Dorms: During the afternoon siesta period, employees can rest in their beds, and the clean and comfortable environments ensure that they will not be disturbed;

e. Lactation Room: The room is set up exclusively for breastfeeding female employees to express breast milk without interruption;

f. Break Area: The Company is superior to the regulations to provide employees with a rest period after 2 hours of work. There are tables, chairs, magazines and drinks, etc. facilities. There is also an independent smoking space, so that employees can really fully relax for a short time;

g. AED Certified Workplace: Pursuant to regulations from the Management Approach to Necessary Emergency Rescue Equipment at Public Areas, the Ministry of Health and Welfare has drafted the Automated External Defibrillator (AED) Certified Workplace, of which the Company has provided to offer a safe environment for employees and for the corporation as a whole. Relevant certification been approved by the Taichung City Government;

B. Welfare Committee: The Company has established an Employee Welfare Committee, which has been duly registered with the competent government authority, and appropriates funding on a monthly basis. The employee welfare committee provides employees with domestic and international travel activities, holiday bonuses, birthday bonuses and so on. The employee welfare committee also offers price discounts with certain stores to encourage employees to do leisure activities outside working hours to reach a work-life balance.

In December 2025, the Company and Sanneng Taiwan conducted a survey on the understanding of the employee welfare policies, and formulated improvement plans based on the feedback.

| | |
|--|--|
| Target | The Company and Sanneng Taiwan (excluding expatriate employees) |
| Question | How well do you understand employee welfare policies? |
| Number of People Surveyed | The total number of people surveyed was 117, and the actual number of people surveyed was 69. |
| Coverage | 59% |
| Survey Department | Sanneng Group HR |
| Survey Frequency | Once a year |
| During The Investigation | 2025/12/12-2025/12/17 |
| Survey Results and Improvement Practices | Based on the survey results, most employees found that the welfare information was not clear enough and were unclear about how to access it. Therefore, a welfare policy overview table will be created and the link will be posted in the HR system so that employees can access and refer to it on the platform. |

C. Health Check-up:

To ensure the safety and health of employees, the Company provides superior annual health examinations to employees more superior than statutory requirements, and advanced examinations are provided to senior managers. For employees working on the manufacturing site, various inspection related to hearing protection has been enhanced and are concurrently implemented in a workplace environment with noise levels lower than 85 decibels, showing our commitment to building a healthy and safe work environment.

Onsite services began in January 2, 2020, and the worker health services program has been formulated. Onsite physicians and nurses provide clinical healthcare services in line with the aforesaid program. Upon annual contract renewal, reassess the effectiveness of on-site occupational medical and nursing services to ensure that employees receive high-quality on-site services.

D. Afternoon Tea/Snack Bar: The Company regularly offers afternoon snacks for employees to facilitate employee interaction. Meanwhile, as a result of internal baking activities from time to time, employees have the opportunity to enjoy breads, cakes, and pastries that are freshly baked, comforting and newly developed.

E. Education and Training: The education and training include both internal and external training. The human resource department of the Group and each department of all subsidiaries are required to review and determine professional expertise and skills that need to be improved based on the focal points and objectives of the Group's annual development plan to arrange internal and external training resources that allow employees to attend during working hours. Since 2018, with governmental subsidies for training, the Company has been improving and optimizing its training and introducing different methods to offer employees diversified and comprehensive training and education and has attained the TTQS bronze award in 2025.

F. Baking Classroom: The Company is equipped with a professional baking studio that serves as a training ground for employees. Employee baking days are held regularly (currently on a monthly basis), with the sales department organizing instructional sessions according to the training plan. The curriculum includes hands-on training in baking techniques, equipment operation, and maintenance.

G. Leave rules: leaves are provided in accordance with the Basic Labor Law and the relevant rules and regulations, while some leaves are better than those provided under the law.

H. Others:

a. To further enhance our organizational competitiveness, after the Group went listing it

has continued activities to optimize the organization. These include optimization of the remuneration structure, bonus system optimization, performance evaluation management system establishment, work unit rotations, and expansion of employee secondary skills etc., build a work platform for happy learning and growth;

- b. Periodically review work rules and comply with regulatory updates instantly, consolidating measures for preventing and addressing sexual harassment, complaints, and disciplinary actions into Regulations Governing Workplace Gender Equality, Prevention of Workplace Misconduct and Sexual Harassment, Complaints, and Disciplinary Measures." Devoted to pursuing better working conditions and environment for employees;
- c. A four-plus-one program has been formulated: (a) Conduct prevention of unlawful infringement at the workplace environment; (b) prevention of diseases related to overwork; (c) maternal safety protection at the workplace; (d) ergonomic hazard preventions; and (e) hearing protection program;
- d. Machinery improvement team was formed to implement feasible improvements. These efforts were positively recognized by the Industrial Safety and Health Association (ISHA) of the R.O.C., which used our experiences as a case study of exemplary improvements;
- e. Enhanced operational safety protection, and provided protective shoes to frontline operators to ensure employees' operational safety;
- f. Enhance the use and knowledge training of fire safety facilities and periodically disseminate information to enhance the safety awareness of all employees.

② Retirement system and implementation status

The Company seeks to secure employee lifestyles after retirement, so the Company and its subsidiaries support pension funds as required by local law, contributing to retirement insurance or to accounts dedicated to retirement funds. The employee retirement policies of the Company and Sanneng Taiwan are defined appropriation plans pursuant to the Labor Pension Act. According to the Act, the amount of labor pension borne shall not be less than six percent of the worker's monthly wage. The Company and Sanneng Taiwan have complied with the Act to appropriate 6% of employees' monthly wage to the individual pension accounts under the supervision of the Bureau of Labor Insurance on a monthly basis. Subsidiaries in China will also appropriate a certain ratio of the employee's compensations as pension insurance to designated individual savings account at relevant government agencies based on regulations of the local governments.

(2) Agreements between employees and the employer, and the status of various employees' rights and interests

The Company and its subsidiaries have formed worker unions according to applicable local laws, or Employee-Employer Committees, or Employee Welfare Committees and more, to serve as channels for communications between employees and the Company's operational levels, ensuring employees can convey their opinions and concerns through the organization and promoting harmonious relations between the employers and the Company and formulating a good corporate culture. Meanwhile, the Company also periodically conducts related meetings to consider timely adjustments to employee welfare packages, thereby protecting employees' optimal rights and interests.

5.5.2. In recent year and until publication date of annual report, clearly state the losses due to labor disputes (including violations of Labor Standards Act based on the findings of labor audit, its punishment date, reference number, the details of the article/s violated and its punishments, should be clearly listed), current and future possible expenses and countermeasures should be disclosed. If it is not possible to make a reasonable estimate of the expenses, the facts for not able to make a reasonable estimate should be clearly stated.

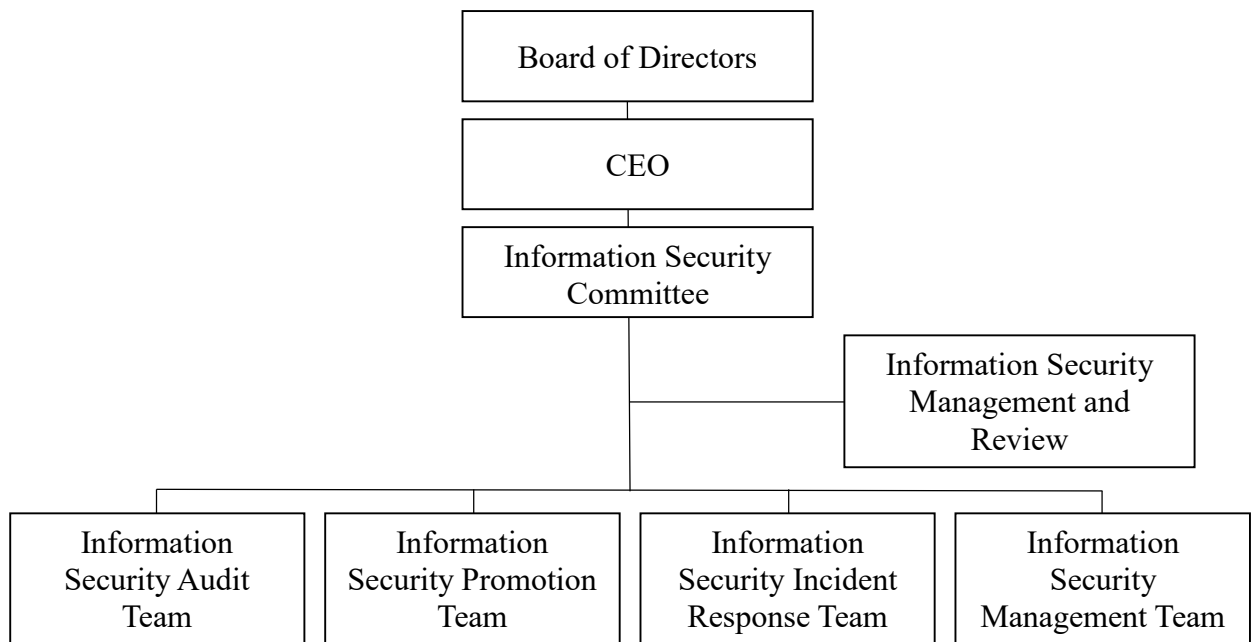
The Company enjoys harmonious employee and employer relations, and has not to date ever experienced any serious labor disputes.

5.6. Information and communication security management

5.6.1. Information security risk management framework

(1) Information security governance structure

The Company has established the Information Security Committee to lead the formulation and decision-making of relevant information security procedures and coordinate and implement information security management and other relevant matters. The head of the Group's management center serves as the convener of this organization and assigns information technology personnel as members of each team under the committee.



(2) Responsibilities of information security governance organization

① Information Security Committee

- A. Review of information security management system and relevant management measures;
- B. Formulation of information and communication security policy;
- C. Coordination of information security work and resources across units;
- D. Supervision of the use of information assets;
- E. Discussion and confirmation of information security equipment and technology applications;
- F. Supervision and review of information security incident response and handling;
- G. Convening of information security management meetings from time to time to confirm the implementation status of various information security operations and problem improvement;

H. Regular report on the information security governance and audit to the Board of Directors.
(It shall report on the information security status in the prior year in the first quarter of each year and report on special incidents at any Board meeting, if any, without a need for prior notice.

② Information Security Audit Team

- A. Audit of the implementation status of the information security system promotion;
- B. Implementation and execution of an internal audit plan for the Group and its subsidiaries;
- C. Tracking of anomaly improvement and suggestion implementation.

③ Information Security Promotion Team

- A. Implementation of information security activities;
- B. Formulation of relevant information security regulations and measures with the management team;
- C. Execution and tracking of the resolutions and improvement actions from the Information Security Committee and the improvement work at each subsidiary;
- D. Supervising the Implementation of the Improvement Actions Based on the Recommendations from the Information Security Audit Unit.

④ Information Security Management Team

- A. Formulation of relevant information and communication management regulations;
- B. Planning and launch of information security activities;
- C. Establishment of disaster response mechanisms and recovery plans;
- D. Implementation of the improvement actions for information security findings;
- E. Planning of information security equipment and technology applications;
- F. Implementation of tasks assigned by the Information Security Committee;
- G. Convening of regular management review meetings (Information Security Committee) to report to committee members.

⑤ Information Security Incident Response Team

- A. Execution of emergency response measures during an information security incident or crisis until it is resolved;
- B. Identify the causes of information security incidents or crises and propose improvement and preventive measures.

(3) Information and communication security policy

① Information and communication security management strategy

To provide clearly defined information and communication security management and control guidelines for each unit, the Information Security Management System (ISMS) is particularly established to improve the Company's information security management capabilities and reduce the organization's operational risks. Meanwhile, the Plan-Do-Check-Act (PDCA) management cycle of ISO 27001 is adopted to regularly review the applicability, suitability, and effectiveness of the system every year, and the responsible personnel will report on the implementation results to the Information Security Management Review Committee on a regular basis.

② Information and communication security management framework

With said PDCA management cycle in the above information security management strategy, we have devised a policy in level 1, established procedures in level 2, provided work instructions in level 3, and created ISMS documents in level 4 as per the 4 levels of ISO documentation. The focus of our PDCA mechanism is on the aspects below:

In the Plan stage, a focus is placed on the establishment of a complete information security management system, namely ISMS, including an information security policy, objectives, and documents, thereby reducing information security threats and establishing information protection services that satisfy customers' needs.

In the Do stage, a focus is placed on the establishment of various information security protection and control measures, continuous adoption of information security defense technology, integration of the information security control mechanism into software and hardware maintenance and various daily operating processes, and maintenance of the confidentiality, integrity, and availability of key assets.

In the Check stage, a focus is placed on active monitoring and audit of the process and properly cope with anomaly, non-conformance, and matters that need to be improved, to achieve the goal of continuous improvement.

In the Act stage, a focus is placed on review and continuous improvement as well as supervision and audit to ensure the continuous effectiveness of information security regulations.

5.6.2. Specific management plan

- (1) Strengthen network firewall and control to block external attacks;
- (2) Regularly update the system to plug system loopholes;
- (3) Establish an endpoint protection mechanism, install antivirus and anti-hacking software, and strengthen malware detection;
- (4) Regularly hold social engineering exercises to increase employees' awareness of information security;
- (5) Regularly offer information security education and training to raise employees' awareness of information security;
- (6) Establish standardized disaster recovery exercises, and conduct disaster recovery exercises regularly for key systems to quickly resume normal operations in response to information security incidents or disasters, to be aligned with the business continuity management principle;
- (7) Hold information security management review meetings regularly to review the ISMS to ensure its continuous suitability, adequacy, and effectiveness;
- (8) Regularly review privileged accounts, user accounts, and access permissions;
- (9) Regularly perform internal information security audits, formulate improvement measures for identified issues, and regularly track the improvement situation;
- (10) Establishing a Zero Trust Network Mechanism.

5.6.3. Investment of resources in information and communication security management

- (1) To be aligned with the purpose of business continuity management and the principle of uninterrupted information services, we have established a high availability (HA) backup mechanism in November 2020 to reduce the risk of operational interruption and achieve seamless system switching;
- (2) To improve the integrity of the information security policy, we have established the ISMS as per the ISO 27001 standard, including level one policy, level two procedures, level three work

instructions, and level four tables;

- (3) All new employees need to receive training on basic information security concepts during new hire training starting from 2020;
- (4) To be aligned with the purpose of business continuity management and the principle of uninterrupted information services, we have established a high availability (HA) backup mechanism in November 2020 to reduce the risk of operational interruption and achieve seamless system switching;
- (5) To reduce the risk of data loss in the event of information security incidents, we established standardized disaster recovery exercises for key systems in January 2021 and executing according to the annual plan;
- (6) Starting from September 2023, conduct a monthly cybersecurity awareness campaign to enhance colleagues' cybersecurity awareness.

5.6.4. Important Information Security Risks and Countermeasures

- (1) To improve the stability of the user-end environment, we will gradually carry out system replacement, upgrades, and information security checkups;
- (2) In response to the changes in the ISO 27001 version, complete the lead auditor training for the version transition, understand the differences in the update, and share the relevant information;
- (3) Disaster recovery exercises for AD server, ERP system, EasyFlow system and business administration systems were conducted in August and December 2024, respectively, following the annual critical core system disaster recovery plan;
- (4) To strengthen risk management mechanisms and support continuous improvement, the ERP system, as a critical core system, underwent a cybersecurity upgrade in 2025. The upgrade scope included both the underlying infrastructure and application programs. The upgrade was carried out from March to November 2025 and has been successfully completed as scheduled;
- (5) The Company reported to the Board of Directors on the information security implementation status in 2025 and the information security projects planned to be executed in 2026 at the 17th meeting of the 4th Board of Directors on March 10, 2026.

5.6.5. List any losses suffered by the company in the most recent fiscal year and up to the annual report publication date due to significant cyber security incidents, the possible impacts therefrom, and measures being or to be taken: None.

5.7. Important Contract

The Company is not currently a party to any material contracts, other than those entered into in the ordinary course of its business.

6. Discussion and Analysis of Financial Standing and Financial Performance and Risks

6.1. Financial Standing

Unit: NT\$ thousands

| Item | Year | 2025 | 2024 | Difference | |
|-----------------------------------|------|------------------|------------------|-----------------|----------------|
| | | | | Amount | % |
| Current Assets | | 1,215,105 | 1,169,136 | 45,969 | 3.93 |
| Fixed Assets | | 840,846 | 852,519 | (11,673) | (1.37) |
| Other Assets | | 195,527 | 317,740 | (122,213) | (38.46) |
| Total Assets | | 2,251,478 | 2,339,395 | (87,917) | (3.76) |
| Current Liabilities | | 411,243 | 463,088 | (51,845) | (11.20) |
| Long-term Liabilities | | 43,679 | 61,762 | (18,083) | (29.28) |
| Other Liabilities | | 11,928 | 12,978 | (1,050) | (8.09) |
| Total Liabilities | | 466,850 | 537,828 | (70,978) | (13.20) |
| Capital Stock | | 607,500 | 607,500 | 0 | 0.00 |
| Capital Surplus | | 648,899 | 648,899 | 0 | 0.00 |
| Retained Earnings | | 610,494 | 624,535 | (14,041) | (2.25) |
| Other Adjustments | | (102,318) | (94,111) | (8,207) | 8.72 |
| Non-controlling Interests | | 20,053 | 14,744 | 5,309 | 36.01 |
| Total Stockholders' Equity | | 1,784,628 | 1,801,567 | (16,939) | (0.94) |

1. Explanations for changes in the most recent two years in assets, liabilities, and equity affecting 20% thereof or more, or greater than NT\$10,000 thousand dollars:

Other Assets: Primarily affected by the decrease in time deposits with an original maturity of more than three months.

Long-term Liabilities: Primarily affected by the reclassification of certain long-term liabilities as current liabilities maturing within one year.

2. Major Impact on Financial Performance: The above deviations had no major impact on financial performance.

3. Future Plan on Financial Performance: Not applicable.

Information sources: Consolidated financial statements as audited by CPAs.

6.2. Financial Performance

6.2.1. Financial performance analytical comparison

Unit: NT\$ thousands

| Item | Year | 2025 | 2024 | Difference | |
|-----------------------------------|------|-----------|-----------|------------|----------|
| | | | | Amount | % |
| Operating Revenue | | 1,996,591 | 2,039,422 | (42,831) | (2.10) |
| Operating Cost | | 1,237,210 | 1,268,217 | (31,007) | (2.44) |
| Gross Profit | | 759,381 | 771,205 | (11,824) | (1.53) |
| Operating Expenses | | 564,289 | 551,199 | 13,090 | 2.37 |
| Operating Income | | 195,092 | 220,006 | (24,914) | (11.32) |
| Non-operating Income and Expenses | | 16,930 | 37,012 | (20,082) | (54.26) |
| Net Profit Before Tax | | 212,022 | 257,018 | (44,996) | (17.51) |
| Income Tax Expenses | | 62,182 | 60,120 | 2,062 | 3.43 |
| Net Profit | | 149,840 | 196,898 | (47,058) | (23.90) |
| Other Comprehensive Income | | (8,006) | 43,643 | (51,649) | (118.34) |
| Total Comprehensive Income | | 141,834 | 240,541 | (98,707) | (41.04) |

For increased or decreased rate changes affecting 20% thereof or more, or greater than NT\$10,000 thousand dollars analysis thereof is provided as follows:

Non-operating Income and Expenses: Mainly affected by the increase in foreign exchange losses in

2025.

Net Profit: Mainly affected by an increase in taxes on repatriated earnings from subsidiaries, as well as the impact of the aforementioned non-operating income and expenses in 2025.

Other comprehensive income: Mainly arises from foreign exchange influences affecting a fluctuation in the exchange difference between the financial statements of foreign operating institutions.

Total comprehensive income: Mainly affected by an increase in tax on repatriated earnings from subsidiaries, as well as exchange rate fluctuations impacting the translation of financial statements of foreign operations. Taking these factors into account, the total comprehensive income for the current period showed changes compared to the previous period.

Information sources: Consolidated financial statements as audited by CPAs.

6.2.2. Forecast sales volume and basis thereof

The Company's main products are various baking appliances. In recent years, in addition to entering the sector of small baking appliances and baking materials, it has also strengthened the development of the cookware market. Beginning in 2022, we plan to intensify our strategic collaboration with industry counterparts to bolster our e-commerce operational proficiency. This initiative will involve assisting Taiwanese firms' suppliers of raw materials and equipment in setting up their flagship stores. Additionally, we will pursue operational outsourcing partnerships. This cooperative approach will not only augment our profit margins but also elevate the visibility of our industry colleagues' brands and products across the digital landscape, thereby broadening our online customer base.

The Company's expected sales volume in 2026 is estimated based on the growth rate of the bakery market of each subsidiary of the Group over the years. In addition to the expected sales volume growth of the original market and customers in 2026, the Company will also take into account the product development plan in 2026, to sequentially optimize its existing products, launch new products, expand new market and at the same time integrate upstream and downstream enterprises in the bakery industry to build a strategic alliance. Meanwhile, the Company will launch joint marketing through bakers and cultural creative channels. These sales modes are expected to create further growth in e-commerce sales business.

In 2026, more products will be launched under the new brands introduced two years ago—"SANNENG OUTDOOR" for outdoor goods, "SANNENG HOME" for household items, and "SANNENG INDUSTRY" for industrial products. The Company also plans to expand sales channels, with the expectation that these efforts will make a greater contribution to the Group's overall sales. Consequently, we have now expanded our reach into additional industrial sectors. Subsequent to the pandemic reopening, Sanneng Japan has capitalized on the opportunity by bringing Japanese technicians to Taiwan to provide expertise and market raw materials. This strategic move has led to a significant boost in Sanneng Japan's export revenue. In Indonesia, Sanneng Indonesia has established strong partnerships with local entities to facilitate domestic production of goods. This strategy leverages local resources, leading to cost savings, enhanced price competitiveness, and growth in the Indonesian market.

Looking ahead to 2026, Sanneng will increase its e-commerce advertising investment on the Tmall platform to attract new users. To engage entry-level home bakers, we are launching a range of starter baking moulds, with the goal of increasing our market share from the current 8%–10% to over 12%. Meanwhile, since last year, JD.com has also expanded its resources in the home baking market, investing RMB 4 million to boost platform visibility. In March 2026, we invited over 30 relevant kitchenware brands to discuss growth strategies for the coming year. Furthermore, Sanneng is introducing a series of sales incentive policies for the coming year. These include a new product proposal bonus to encourage innovative product concepts, as well as a new customer development bonus to further expand our customer base and drive revenue growth, while continuing to cultivate

our existing market presence.

6.2.3. Foreseeable impacts and responsive plans for the Company's future financial operations

The Company is one of the major bakeware company to produce and sell in China and Taiwan. In addition to the two brands, "SANNENG" and "unopan", still have the brand value in the bakeware industry in Asia, we launched three new brands in 2024: "SANNENG OUTDOOR" for outdoor products, "SANNENG HOME" for household items, and "SANNENG INDUSTRY" for industrial-use products. These new lines not only offer a more diverse range of products to meet customer needs but also help expand sales channels and drive business growth. The first phase of equipment installation at Sanneng Indonesia Industry has been completed, officially establishing it as Group's third production base. This enables us to provide products better suited to the needs of local customers in Indonesia. The Company will increase capital expenditures, develop in new products, enhance the management of operation and cost control to advance the operational growth and the ability of profit strength.

6.3. Financial Performance

6.3.1. Analysis of Cash Flow in the most recent two years

Unit: NT\$ thousands

| Item | Year | 2025 | 2024 | Difference | |
|---------------------|------|-----------|-----------|------------|----------|
| | | | | Amount | % |
| Business Activity | | 181,755 | 305,602 | (123,847) | (40.53) |
| Investment Activity | | 45,582 | (89,325) | 134,907 | (151.03) |
| Financing Activity | | (206,885) | (159,511) | (47,374) | 29.70 |

Analysis of changes:

1. Business activities: The main reasons for the decrease in net cash inflow from operating activities in 2025 compared to the previous year were the decline in sales, which led to reduced inventory requirements and a decrease in accounts payable, as well as an extension of the accounts receivable collection period and an increase in taxes on repatriated earnings from subsidiaries.
2. Investing activities: The net cash outflow from investing activities increased primarily due to a less amount of time deposits with original maturities of more than three months in 2025 compared to 2024.
3. Financing Activity: The net cash outflow from financing activities increased primarily due to an increase in short-term borrowings in 2025 compared to 2024, which led to a rise in interest expenses, as well as higher loan repayments in 2025.

Information sources: Consolidated financial statements as audited by CPAs.

6.3.2. Remedy for Cash Deficit and Liquidity Analysis : None.

6.3.3. Cash Flow Analysis for the Coming Year

Unit: NT\$ thousands

| Estimated Cash and Cash Equivalents, Beginning of Year(1) | Estimated Net Cash Flow from Operating Activities (2) | Estimated Net Cash Flow from Investing Activities (3) | Estimated Net Cash Flow from Financing Activities (4) | Estimated Cash and Cash Equivalents at the end of Year (1)+(2)+(3)+(4) | Remedies for shortage in cash | |
|---|---|---|---|--|-------------------------------|-----------------|
| | | | | | Investment Plans | Financing Plans |
| 416,934 | 95,074 | 6,385 | (103,836) | 414,557 | - | - |

Analysis of changes in estimated cash flows in 2026:

1. Business activities: the main reason is the estimated cash inflow based on the business plan.
2. Investment activities: the main reason is the disposal of financial assets measured at amortized cost.
3. Financing activities: base on the estimation, mainly due to the issuance of 2025 cash dividends.

6.4. Impact of the Latest Major Capital Expenditures on Financial Business

The capital expenditures of the Company in 2025 did not have any major impact on financial business.

6.5. Main Reasons for Profits or Losses of the Latest Reinvestment Policy, Improvement Plan and Investment Plan for the Coming Year

6.5.1. Investment policy in the recent year

The Company's management of invested companies is established in accordance with the Company's internal control system. In addition, the Company has established "Regulations Governing the Supervision and Procedure of Subsidiaries", and the "Guidelines for Related Entities, Special Companies, and Group Corporate Transactions", and the actual operational conditions of each invested company to conform to local law, and assist each invested company to establish appropriate internal control systems. In accordance with the aforementioned guidelines and procedures, the Company also regularly obtains financial statement information, operational reports and audited financial statements from various invested companies, as well as real-time operating status of invested companies and analysis of profitability. The Company's Auditing Department also periodically or irregularly deploys personnel to subsidiaries to conduct compliance processes, and formulates audit plans and prepares audit reports, with traceability of deficiencies and aberrations in the internal control system, and ameliorative improvements thereto.

6.5.2. Primary reasons for profit or loss from investments in the most recent year

Unit: In addition to items explicitly indicated otherwise, the remainder in NT\$ thousands

| Investee | Shareholding Percentage | Investment gains and losses recognized for the most recent year | Primary reasons for profit or loss | Improvement Plan |
|----------------|-------------------------|---|--|--|
| EGI | 100% | 179,348 | The Company shall recognize investment gains and losses. | Not applicable. |
| Sanneng Taiwan | 100% | (5,387) | In 2025, sales revenue grew steadily, but gross profit declined due to higher operating costs. Furthermore, under the impact of foreign exchange rates, exchange losses increased, which ultimately resulted in a recognized investment loss of NT\$5,387 thousand for the fiscal year 2025. | To examine the reasons behind the increased operating costs and implement stricter controls over related expenditures. |

| Investee | Shareholding Percentage | Investment gains and losses recognized for the most recent year | Primary reasons for profit or loss | Improvement Plan |
|----------------------------|-------------------------|---|---|--|
| Sanneng Hong Kong | 100% | 199,382 | The Company shall recognize investment gains and losses. | Not applicable. |
| Sanneng Japan | 100% | (176) | In 2025, sales revenue decreased compared to 2024, thereby resulting in a recognized investment loss of NT\$176 thousand for the fiscal year 2025. | To deepen brand influence and product promotion, although our profits in 2025 fell short of expectations, our objectives remain clear as we strive to turn losses into profits in 2026 and return to the track of stable profitability. |
| Sanneng Indonesia | 100% | (4,095) | The Group dispatched a VP and sales assistant with baking experience to Sanneng Indonesia, respectively, in order to supplement the lack of business experience. It complements the inadequacy of the existing Sanneng Indonesia business and expands its distribution development. Revenue for 2025 grew compared to 2024. As a result, the investment loss decreased from NT\$5,636 thousand in 2024 to NT\$4,095 thousand in 2025. | By leveraging localized production in Indonesia to reduce product costs and strengthen sales efforts, Sanneng Indonesia aims to capitalize on the advantages of local manufacturing to expand its sales scale and achieve the goals set by the San Neng Group. |
| Sanneng Indonesia Industry | 100% | (10,368) | Sanneng Indonesia Industry was officially approved for establishment in February 2024, and investment capital was remitted in April 2024. | Through localized production in Indonesia, the Company aims to lower product costs and produce |

| Investee | Shareholding Percentage | Investment gains and losses recognized for the most recent year | Primary reasons for profit or loss | Improvement Plan |
|-------------------|-------------------------|---|--|---|
| | | | As it remains in the early stages of establishment, a portion of the costs incurred were related to setup activities. Therefore, the investment loss recognized in 2025 was NT\$10,368 thousand. | goods tailored to local craftsmanship. It is expected that this localization strategy will help to achieve profitability. |
| Sanneng Wuxi | 100% | 229,382 | Operations are in good condition. | Not applicable. |
| Xinneng | 59.78% | 5,098 | Operations are in good condition. | Not applicable. |
| Squires | 52.48% | 2,559 | In addition to online retail sales, Squires also provides services for businesses to operate sales platforms online. Furthermore, they have strengthened cost-saving projects and implemented internal inventory management. As a result, the investment gain recognized in 2025 was NT\$2,559 thousand. Squires has remained profitable for three consecutive years since 2023. | Not applicable. |
| Sanneng Guangzhou | 100% | (2,027) | Sanneng Guangzhou officially commenced operations in 2022, it has continued to strengthen its sales presence in the South China region. As a result, the investment loss decreased from NT\$3,938 thousand in 2024 to NT\$2,027 thousand in 2025. | Sanneng Guangzhou will continue to boost the sales momentum in South China through comprehensive business services and minimize losses. |

6.5.3. Investment plans for the coming year: None.

6.6. Analysis and Assessment of Risks

6.6.1. Impact of interest rates and exchange rate fluctuations, as well as inflation on the Company's profit and loss, as well as future responsive measures:

(1) Interest rate movements

① Impact on the Company's profit and loss

The Company's interest income and interest expenses as a percentage of net operating income for 2025 were 0.76% and 0.14%, respectively. There has been stable net cash flow from operations in recent years, and the Company has sufficient liquid capital, with less reliance on borrowing from financial institutions. Thus, even with interest rate changes in the future, the Company will not suffer greater risk of loss in interest income from interest rate change, or increased costs from interest, so interest change impacts on the Company's operations and profitability remain minimal.

② Future responsive measures

Under the current operating plan of the company, it will continue to implement conservative and stable financial principles to control financial risks. In addition, the company and its subsidiaries will maintain close contact with the banks, keep abreast of interest rate changes, and strive for preferential borrowing rates according to the actual situation, reduce financial costs, so that interest rate changes will not adversely affect the company.

(2) Exchange rate changes

① Impact on the Company's profit and loss

The company's main functional currency is mainly New Taiwan Dollars, so far there is no major exchange rate fluctuation risk. The company's daily operations are mainly based on the New Taiwan Dollar and Chinese Yuan (RMB) as the main currencies of transactions, of which RMB accounts for approximately 78.13% of the sales and 74.68% of the purchases. However, because the main operations of Sanneng Wuxi in the local area are all received and paid in RMB, the amount of revenue and expenditure should be close to balance. Therefore, in principle, the receipt and payment transactions denominated in RMB can naturally avoid risks. Moreover, the foreign currency assets and foreign currency liability shares can be adjusted flexibly according to exchange rate fluctuations. Therefore, although the rise and fall of the RMB will cause the company to generate some exchange gains and losses, the impact is still within the controllable range. In order to reduce the impact of exchange rate fluctuations on the company's profit and loss, the company and its subsidiaries maintain close contact with the correspondent banks to keep abreast of changes in the foreign exchange market. Business sectors and procurement departments of the company and subsidiaries will also adjust the exchange rates for exporting or importing in light of changes of exchange rates, and would minimize the impact of exchange rate fluctuations.

The Company's ratio of foreign exchange gains/losses to net revenue and exchange gains/losses to operating profit were 0.40% and 4.07% in 2025. The ratio of exchange losses has been relatively small, and poses limited effects to the Company's operations.

② Future responsive measures

To mitigate the impact of exchange rate changes on the Company's profit and loss, the financial unit of the Company's Management Center collects online real-time exchange rate information, and strengthens coordination with financial institutions, to consider foreign exchange rate trends, using Group intranet and email for real-time transfer of exchange rate information and forecasting to subsidiaries' relevant units as reference for foreign exchange transactions and pricing, while policies attempt to balance foreign exchange assets and

liabilities, to attain natural hedging of risk exposure, and reducing foreign exchange rate fluctuation influences.

(3) Inflation and Factors

① Impact on the Company's profit and loss

The price of major raw materials needed by the industry which the Company is engaged in, including aluminum alloy, aluminized steel plate, stainless steel, has always remained stable. But since 2022, due to factors such as the increase in the global demand for China's automobile industry, coupled with the war between Russia and Ukraine, as well as Japan and South Korea's restrictions on the export of aluminum alloys and aluminum-coated sheets, the supply has decreased, leading to a decrease in supply and an upward trend. Since 2023, the Company has actively promoted a local sourcing policy for raw materials. After thorough testing to ensure no impact on product quality or service life, raw materials have been sourced locally. This approach not only shortens procurement lead times but also reduces purchasing costs, thereby mitigating the impact of rising material prices on product profitability. In addition, localized procurement shortens transportation time, effectively lowering the carbon emissions of products and demonstrating concrete actions toward achieving the Company's greenhouse gas reduction goals for sustainable development.

② Specific responsive measures

The Company and its subsidiaries closely monitor fluctuations in the market prices of raw materials and packaging materials, while maintaining strong relationships with customers and suppliers both domestically and internationally. By forecasting trends in international raw material prices and conducting sales forecasts in advance, the Company aims to secure raw materials early, establish appropriate procurement volumes, and adopt centralized purchasing strategies. Procurement and sales strategies, along with the product sales mix, are adjusted as needed to mitigate the impact of rising raw material costs on profitability. When necessary, product pricing may also be adjusted to reflect increased procurement costs. The Company shall concomitantly actively develop new suppliers and processing plants, to diversify supply sources and spread price volatility. In particular, for major commodities using monthly or annual quotations, some should be maintained at international rates for procurement, so the Company can respond to future macroeconomic inflation or deflation induced challenges.

6.6.2. Policies on high risk, highly leveraged investments, loans to others, endorsements, guarantees, and derivatives trading, the main reasons for profits or losses generated thereby, and future responsive measures to be undertaken.

- (1) Policies on high risk, highly leveraged investments: in principle, the Company's operations have been stable and conservative, and in the past year, to the date of publication of this annual report, the Company and its subsidiaries did not engage in any high-risk and highly leveraged investment transactions.
- (2) For the purpose of lending funds to others: The Company has established the "Guidelines for Lending of Funds to Other Parties", and the Company has provided lending funds to others for the most recent year and up to the printing date of this report as follows:

December 31, 2025 Unit: Thousands

| Number | Endorsement/ Guarantee | Endorsement/ Guarantee Items | Current Account | Whether the customer is a related party | Highest balance in the current period | Ending balance | Actual expenditure | Interest Rate (%) | Reasons for Short-term Financing |
|--------|---------------------------|------------------------------------|--------------------|---|---|-------------------|-----------------------|----------------------|--|
| 0 | The Company | Sanneng Japan | - | Yes | JPY 220,000 | JPY 105,000 | JPY 105,000 | 1.3%/year | Working capital |
| 0 | The Company | Sanneng Indonesia | - | Yes | USD 2,200 | USD 700 | USD 300 | 4.5%/year | Working capital |
| 0 | The Company | Sanneng Indonesia Industry | - | Yes | USD 800 | USD 800 | USD 100 | 4.5%/year | Working capital |

April 30, 2026, Unit: Thousands

| Number | Endorsement/ Guarantee | Endorsement/ Guarantee Items | Current Account | Whether the customer is a related party | Highest balance in the current period | Ending balance | Actual expenditure | Interest Rate (%) | Reasons for Short-term Financing |
|--------|---------------------------|------------------------------------|--------------------|---|---|-------------------|-----------------------|----------------------|--|
| 0 | The Company | Sanneng Japan | - | Yes | JPY 105,000 | JPY 105,000 | JPY 105,000 | 1.3%/year | Working capital |
| 0 | The Company | Sanneng Indonesia | - | Yes | USD 700 | USD 700 | USD 300 | 4.5%/year | Working capital |
| 0 | The Company | Sanneng Indonesia Industry | - | Yes | USD 800 | USD 800 | USD 150 | 4.5%/year | Working capital |

- (3) Endorsement/Guarantees: The Company has formulated the "Regulations Governing Making of Endorsements/Guarantees" which have been approved by the shareholders' meeting and serves as a basis for relevant activities. In case the Company makes an endorsement/guarantee, the procedures will be rigorously followed to reduce relevant risks, and has not engaged in any endorsement/guarantees in the most recent year up to the publication date of this report.
- (4) Regarding derivatives trading: The Company has established the "Procedures for Acquisition or Disposal of Assets", and has not engaged in any derivatives trading in the most recent year up to the publication date of this report.

6.6.3. Future R&D projects and anticipated R&D expenditures to be invested

The Company will continue to invest in R&D plans for new products, and it is expected that R&D expenditure to be invested in the year 2026 will total NT\$35,000 thousand dollars. The relevant plans and contents are as follows:

Unit: NT\$ thousands

| Project Name | Content of project | Expected R&D Investments | Expected completion time |
|---|---|-----------------------------|-----------------------------|
| (1) Develop heat-resistant and non-sticking plastic materials | Simplify the production process by using injection moulding to produce bakeware products that meet food safety standards using new heat-resistant and non-sticking plastic materials. | 10,000 | Q3 2026 |
| (2) Develop low-carbon and plastic-reducing materials | Reduce the use of plastic without compromising product characteristics or food safety requirements. For example, by incorporating plant fibers, wood powder, oyster shell powder, etc., into plastic materials. PCR (Post-Consumer Recycled) materials can also be used directly. | 5,000 | Q2 2026 |

| Project Name | Content of project | Expected R&D Investments | Expected completion time |
|--|---|--------------------------|--------------------------|
| (3) Surface hydrophilic treatment technology for metal materials | A special surface modification technology is applied to the surface of the metal material, so that the paint can closely adhere to the metal surface, to replace the existing sandblasting process. | 10,000 | Q2 2026 |
| (4) Research and develop new non-fluorinated anti-sticking coating | In response to the PFAS FREE issue, develop non-fluorinated coatings to gradually replace the existing imported coatings. This R&D project will strengthen the Company's core technology and enhance the competitiveness of its products in the future. | 5,000 | Q1 2026 |
| (5) Research non-fluorinated energy-saving coating | Develop non-fluorinated coatings that reduce baking time, in compliance with food safety standards and energy-saving, carbon-reduction requirements. | 5,000 | Q4 2026 |
| | Total | 35,000 | |

6.6.4. Changes to local and overseas policies and laws that impact the Company's financial operations and responsive measures

The Company is incorporated under the laws of the Cayman Islands, and primarily operates in Republic of China and the People's Republic of China; The financial service is the main economic activity in the Cayman Islands; The Republic of China is an area where the statutes and regulations are very transparent, and the judicial system is complete; The People's Republic of China is a member of ASEAN, and in recent years has slowly opened its economy, and to ensure greater internationalization, has sought international harmonization of its legal and regulatory environment, with greater transparency, while in recent years food safety and intellectual property rights and consumer protection have been the cause for greater regulation with more clarity and specificity. Always adhering to the business philosophy of integrity, the Company has been continuously implementing legal compliance; and it has adjusted, where necessary, its products, systems, and operating procedures to be in line with legal and regulatory changes. This is done so as to ensure compliance with updates to laws and regulations in the People's Republic of China. The Company and its subsidiaries implement their business in accordance with critical domestic policies, and the laws and regulations of the countries in which subsidiaries are located. They pay attention to important policy trends and to changes in both domestic and overseas laws. In case any changes occur, relevant consultation occurs with lawyers, accountants, or related responsible authorities. These parties might also be commissioned to assess and plan responsive measures, in order to effect a timely response to changes in the market environment and to undertake responsive measures. In the most recent year and through the date of publication of this Annual Report, there was no significant impact on the Company's finances or business due to changes in important policies and laws in the Cayman Islands, Taiwan, or the People's Republic of China.

6.6.5. Impact of Changes in Technology (including information security risks) and Industry on Corporate Finance and Business, and Responsive Measures

In the most recent year and as of the date of this annual report, there have been no major changes in technology or the industry affecting the Company's financial or business operations that have a significant impact thereon. The Company is in the baking industry which is a mature business serving consumer needs, and foods are a natural market, which in principle are not greatly affected by changes in the economy. Besides, the manufacturing technique are of traditional craft which has seen rare changes in technology. The industrial supply chain is mature as well, so there are no

significant changes. Besides meeting evolving consumer trends through flexible planning and marketing strategies, the Company's R&D team invests in product quality enhancement and endeavors to improve manufacturing, while concomitantly engaging in close dialogue with clients, to stay abreast of emerging trends and maintain market competitiveness. Meanwhile, strategic alliances with upstream and downstream businesses in the same industry as the Company are evaluated regularly to mitigate impact on the Company from technology development and supply chain adjustments caused by customer demand.

In response to the increasing reliance of the Company's operations on information systems and the growing cybersecurity threats, the Company has established an Information Security Committee to strengthen overall cybersecurity governance and mitigate potential risks. The Information Security Committee is responsible for overseeing the planning of cybersecurity policies, establishment of related management frameworks, and promotion of information security management initiatives. The Information Security Committee is convened by the head of the Group Management Center, with information technology personnel forming the execution team to implement various cybersecurity management measures. These include conducting cybersecurity awareness training, evaluating and deploying security protection technologies and equipment, and promoting relevant security initiatives. The Information Security Committee convenes meetings on a regular basis to review the effectiveness of cybersecurity implementation and reports the outcomes to the Board of Directors, with the aim of continuously enhancing the Company's cybersecurity capabilities and minimizing potential impacts of cybersecurity incidents on business operations.

6.6.6. Changes to corporate image that impact the company's risk management and responsive measures

As of the date of this annual report, there has been no change to the Company's corporate image that has resulted in any corporate image crisis, and therefore this provision does not apply.

6.6.7. The expected benefits and possible risks to engaging in mergers and acquisitions (M&A) and responsive measures

The Company does not have any plan to engage in mergers and acquisitions as of the printing date of this annual report. Therefore, this provision is not applicable.

6.6.8. The Expected Benefits and Possible Risks to Expand Facilities and responsive measures

In order to reduce production costs and better serve the Southeast Asian market by responding quickly to customer needs, the Company established Sanneng Indonesia Industry in Surakarta, Central Java, in February 2024. In the first phase, the Company entered the market rapidly by leasing factory space and acquiring machinery and equipment. Through localized production in Indonesia, the Company aims to lower product costs, shorten delivery lead times, and manufacture products tailored to local craftsmanship. The leased factory officially commenced commercial production and sales in the third quarter of 2025.

As the Company's third production base, Sanneng Indonesia Industry can leverage the manufacturing models of Sanneng Taiwan and Sanneng Wuxi to reduce machine trial and ramp-up periods. However, customer needs vary by region, and the market environment may shift due to international or domestic developments. Sanneng Indonesia Industry will continue to monitor market changes closely and respond proactively to mitigate potential negative impacts on the Company's financial and operational performance.

6.6.9. Risks resulting from consolidation of purchasing or sales operations and responsive measures

There was no consolidation of purchasing or sales for the Company and its subsidiaries in the most recent year up to the date of printing of this annual report.

6.6.10. Impact and risks resulting from major equity transfer or replacement of Directors or shareholders holding more than 10 percent of the Company's shares, and related responsive measures

The Directors and major shareholders holding more than 10% of the shares of the Company have had no significant equity transfer or replacement affecting Company operations in the most recent year up to the publication date of this annual report.

6.6.11. Impact, risk, and response measures related to any change in governance rights in the company

The Company has not experienced any changes in operating rights affecting Company operations in the most recent year and as of the printing date of this annual report.

6.6.12. Litigation and non-litigation events: If the Company or Directors, Supervisors, General Manager, Actual Person in Charge, and major shareholders with shareholding percentage exceeding ten percent (10%) and affiliated companies who have any already decided or currently underway lawsuit, non-litigious or administrative lawsuit dispute, where the result may impact shareholder rights or materially affect the value of securities, then there shall be disclosure of the dispute, the amount thereof, the date of any lawsuit filing, the main parties thereto, and status thereof, as of the date of the publication of the Annual Report: None.

6.6.13. Other material risks and responsive measures: None

6.7. Other Significant Issue: None.

7. Special Notes

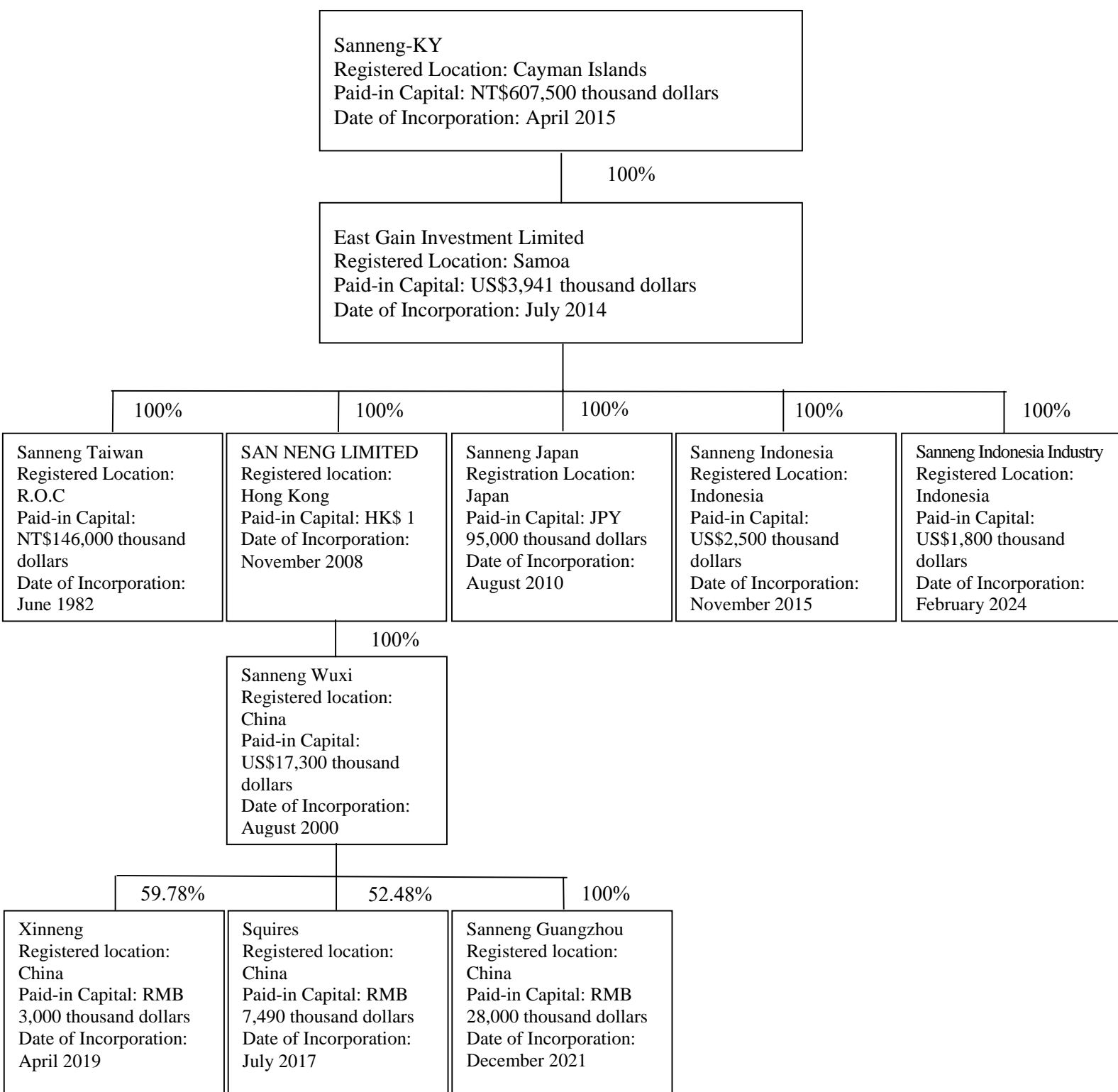
7.1. Information on affiliated companies:

7.1.1. Consolidated Business Report of Affiliated Companies

(1) Overview of the affiliated companies

① Organizational chart for affiliated companies

As of April 30, 2026



② Presumed to be the same shareholder information for those with control and affiliation based on Article 369 of the Company Law: None.

③ The name, date of establishment, address, paid-in capital and main business of related party

December 31, 2025; Unit: except for those expressly stated otherwise, the rest of the units are in thousand dollars

| Name | Date of Establishment | Address | Paid-in capital | | Main business or Product |
|----------------------------|-----------------------|--|-----------------|----------|---|
| EGI | 2014/07/21 | Portcullis Chambers, P.O. Box. 1225, Apia, Samoa. | USD | 3,941 | Holding company |
| Sanneng Taiwan | 1982/06/02 | No. 58, Gongye 8 th Rd., Dali Industrial Zone, Dali Dist., Taichung City, Taiwan | TWD | 146,000 | Research and development, production and sales of bakeware |
| Sanneng Hong Kong | 2008/11/24 | Room 1408 14th Tak Shing House Theatre Lane 20 Des Voeux Road Central, HK. | HKD | 1 dollar | Holding company |
| Sanneng Japan | 2010/08/09 | 3-5-2, Chiyoda-cho, Chiyoda-ku, Tokyo, Japan 502 Burex | JPY | 95,000 | Sales of bakeware and food ingredients |
| Sanneng Indonesia | 2015/11/19 | Dusun Ngalasan, RT.002, RW.001, Desa/Kelurahan Brujul, Kec. Jaten, Kab. Karanganyar, Provinsi Jawa, Indonesia | USD | 2,500 | Sales of bakeware |
| Sanneng Indonesia Industry | 2024/02/23 | Dusun Ngalasan, RT.002, RW.001, Desa/Kelurahan Brujul, Kec. Jaten, Kab. Karanganyar, Provinsi Jawa, Indonesia | USD | 1,800 | Production and sales of bakeware |
| Sanneng Wuxi | 2000/08/17 | No. 316 Youyi North Road, Xishan Economic Development Zone, Wuxi, Jiangsu, China | USD | 17,300 | Research and development, production and sales of bakeware |
| Squires | 2017/07/10 | No. 316 Youyi North Road, Xishan Economic Development Zone, Wuxi, Jiangsu, China | RMB | 7,490 | Sales of bakeware, food ingredients, packaging materials and cake decoration |
| Xinneng | 2019/04/28 | No. 316 Youyi North Road, Xishan Economic Development Zone, Wuxi, Jiangsu, China | RMB | 3,000 | Production and sales of bakeware |
| Sanneng Guangzhou | 2021/12/24 | Building 11, Phase 2, Huachuang Animation Industrial Park, Jinshan Village, Shijie Town, Panyu District, Guangzhou, Guangdong, China | RMB | 28,000 | Sale of bakeware, food ingredients and packaging materials |

④ The division of business operations of affiliated companies and the related business of the affiliated companies:

| Name | The industries covered by the business operated | Descriptions of the mutual dealings and division of work |
|----------------------------|--|--|
| EGI | Holding company | Not Applicable |
| Sanneng Taiwan | Research and development, production and sales of bakeware | Provide the development and design for bakeware; expand the local market, provide teaching and consultant service. |
| Sanneng Hong Kong | Holding company | Not Applicable |
| Sanneng Japan | Sales of bakeware and food ingredients | Explore local market and assimilate Japanese baking new knowledge as well, to make the Company improve continuously. |
| Sanneng Indonesia | Sales of bakeware | Not only exploring local market, but also be the base for gradually expanding the layout of ASEAN. |
| Sanneng Indonesia Industry | Production and sales of bakeware | Provide the development, design, production and sales for bakeware. |
| Sanneng Wuxi | Research and development, production and sales of bakeware | Provide the development, design, production and sales for bakeware; expand the local market, provide teaching and consultant service. |
| Squires | Sales of bakeware, food ingredients, packaging materials and cake decoration | Offering online sales of bakeware, ingredients and materials, packaging materials, and cake decorating materials, further complimenting the Company's sales channels and satisfying the diverse purchasing needs from consumers. |
| Xinneng | Production and sales of bakeware | Provide manufacturing service of baking moulds to the Company's subsidiary Sanneng Wuxi. |
| Sanneng Guangzhou | Sale of bakeware, food ingredients and packaging materials | Provide the sales for bakeware in South China; expand the local market, provide teaching and consultant service. |

⑤ Information on directors, supervisors, and general managers of affiliates

December 31, 2025

| Name | Title | Name or representative | Number of Shares | |
|-------------------|-----------------|--|---------------------|--------------------|
| | | | Share | Shareholding Ratio |
| EGI | Director | The Company Representative: Chang, Jui-Jung | 3,941 thousands | 100% |
| Sanneng Taiwan | Chairperson | Chang, Hsin-Yi | 14,600 thousands | 100% |
| | Director | Hsieh, Shun-Ho | | |
| | Director | Tsai, Feng-Lung | | |
| | Supervisor | Chen, Lai-Chun | | |
| | General Manager | Chang, Hsin-Yi | | |
| Sanneng Hong Kong | Director | EGI Representative: Chang, Jui-Jung | Note | 100% |

| Name | Title | Name or representative | Number of Shares | |
|----------------------------|-----------------|------------------------|------------------|--------------------|
| | | | Share | Shareholding Ratio |
| Sanneng Japan | Chairperson | Hsiao, Kai-Feng | 9.5 thousands | 100% |
| | Director | Keimine Kamiyanagi | | |
| | Director | Chang, Chih-Hao | | |
| | Supervisor | Chen, Lai-Chun | | |
| | General Manager | Keimine Kamiyanagi | | |
| Sanneng Indonesia | Chairperson | Chang, Jui-Jung | 2,500 thousands | 100% |
| | Director | Hsieh, Shun-Ho | | |
| | Director | Hsu, Ching-Ho | | |
| | Supervisor | Hsiao, Kai-Feng | | |
| | General Manager | Hsu, Ching-Ho | | |
| Sanneng Indonesia Industry | Chairperson | Chang, Jui-Jung | 1,800 thousands | 100% |
| | Director | Hsieh, Shun-Ho | | |
| | Director | Hsu, Ching-Ho | | |
| | Supervisor | Hsiao, Kai-Feng | | |
| | General Manager | Hsu, Ching-Ho | | |
| Sanneng Wuxi | Chairperson | Chang, Jui-Jung | Note | 100% |
| | Director | Hsiao, Kai-Feng | | |
| | Director | Chang, Chih-Hao | | |
| | Supervisor | Chen, Lai-Chun | | |
| | General Manager | Hsiao, Kai-Feng | | |
| Squires | Chairperson | Chang, Chih-Hao | Note | 52.48% |
| | Director | Hsiao, Kai-Feng | | |
| | Director | Chiu, Chun-Jung | | |
| | Supervisor | Hua, Wei-Qin | | |
| | General Manager | Chang, Chih-Hao | | |
| Xinneng | Chairperson | Chang, Chih-Hao | Note | 59.78% |
| | Director | Xue, Xin-Feng | | |
| | Director | Chang, Hsin-Yi | | |
| | Supervisor | Hsiao, Kai-Feng | | |
| | General Manager | Xue, Xin-Feng | | |
| Sanneng Guangzhou | Chairperson | Chang, Chih-Hao | Note | 100% |
| | Director | Hsiao, Kai-Feng | | |
| | Director | Hua, Wei-Qin | | |
| | Supervisor | Chang, Hsin-Yi | | |
| | General Manager | Lin, Su-Yu | | |

Note: This is a limited company and has no shares.

(2) Operational Overview of Affiliated Companies

① Financial conditions and results of operations of affiliated companies

December 31, 2025, Unit: NT\$ Thousands

| Corporation | Paid-in capital | Total assets | Total liabilities | Net worth | Sales revenue | Operation income (loss) | Net income (loss) (After tax) | Earnings (losses) per share (dollar) |
|--|-----------------|--------------|-------------------|-----------|---------------|-------------------------|-------------------------------|--------------------------------------|
| EGI | 233,787 | 1,738,738 | - | 1,738,738 | - | (3) | 179,348 | 45.51 |
| Sanneng Taiwan | 146,000 | 660,237 | 200,699 | 459,538 | 351,439 | (5,526) | (5,595) | (0.38) |
| Sanneng Hong Kong | - | 1,271,984 | 31,642 | 1,240,342 | - | (3) | 199,923 | Note |
| Sanneng Japan | 27,154 | 39,241 | 41,997 | (2,756) | 104,395 | 370 | (195) | (20.50) |
| Sanneng Indonesia | 80,895 | 20,844 | 15,017 | 5,827 | 31,378 | (3,302) | (4,095) | (1.64) |
| Sanneng Indonesia Industry | 58,482 | 42,973 | 3,711 | 39,262 | 3,553 | (10,998) | (10,188) | (5.66) |
| Sanneng Wuxi | 541,062 | 1,480,332 | 248,886 | 1,231,446 | 1,490,473 | 243,068 | 229,923 | Note |
| Squires | 32,748 | 50,055 | 34,374 | 15,681 | 152,956 | 1,079 | 4,877 | Note |
| Xinneng | 13,563 | 39,950 | 8,619 | 31,331 | 74,787 | 10,530 | 8,984 | Note |
| Sanneng Guangzhou | 121,632 | 137,704 | 30,373 | 107,331 | 233,339 | (2,855) | (2,027) | Note |
| Note: This is a limited company and has no shares. | | | | | | | | |

7.1.2. Consolidated financial statements of affiliated companies

Companies that should be included in the consolidated financial statements of the affiliated companies are the same as those listed in the consolidated financial statements of the parent company. The relevant information of affiliated companies' consolidated financial statements is already disclosed in the consolidated financial statements of the parent company. Hence, the consolidated financial statements of the affiliates are therefore no longer prepared.

7.1.3. Report of the affiliated companies: None.

7.2. Organization of the Latest Private Placement Securities as of the Date of Printing of the Annual Report: None.

7.3. Other matters requiring supplementary information

7.3.1. The Company's Articles of Association and any variation from the provisions governing the protection of shareholders' rights in Taiwan:

As a result of the fact that the laws of the Cayman Islands and the laws of the Republic of China were inconsistent with the Taiwan Stock Exchange amended its "Foreign Listers' Checklist for Protecting the Interests of the Shareholders of the Registered Country" (hereafter, the "Checklist for Protection of Shareholders' Equity"), which could not be directly applicable to the Company as is, so the chart below lists the differences in the Company's existing Articles of Association (hereafter, the Articles of Association), which as a result of the provisions of Cayman Islands law are at variance with the Taiwan provisions for protection of shareholders' equity, and the provisions of the Articles of Association of the Company.

| Major items of Shareholder rights' protection | Articles of Association provisions and cause of any deviations or divergence |
|---|---|
| <p>The meaning of "Special Resolutions": Refers to when there is a shareholders meeting at which two-thirds of the Company's outstanding shares are represented, and half of the shareholders in attendance agree thereon. In the event the total number of shares represented by the shareholders present at a shareholders' meeting is less than the percentage of the total shareholdings required in the preceding Paragraph, the resolution may be adopted by two-thirds of the voting rights exercised by the shareholders present at the shareholders' meeting who represent a simple majority of the outstanding shares of the company.</p> | <p>In accordance with TWSE issuance Shang Tzu No. 0991701319 of April 13, 2010 by the Taiwan Stock Exchange, and in accordance with Articles 39 and 2(1) of the Articles of Association, Special Resolutions refer to when a simple majority of the outstanding shares of the Company are represented at a shareholders meeting, with shareholders personally present, and for institutional shareholders they are represented by their duly authorized Legal Representative, or by proxy with two-thirds of the shareholder votes in favor of adoption, when in conformity with the laws of the Cayman Islands and the provisions of the Taiwan Company Act for quorums for publicly traded companies.</p> |
| <p>(1) Shareholder meetings shall be conducted within the borders of the Republic of China (Taiwan). For shareholders' meetings held outside the borders of the Republic of China, the Board of Directors by resolution of shareholders by request to the competent authorities for permission for a shareholders' meeting to be convened after two days, and by concomitant application for approval of the Stock Exchange.</p> <p>(2) Any or a plural number of shareholders of a company who have continuously held 3% or</p> | <p>As the Company's Articles of Association in the first clause of Article 31 provide: "During listing, the Company's shareholders' meetings shall be held within the borders of the Republic of China," and no exceptions are provided for, thus there is no necessity for nor guidelines governing conduct of shareholders' meetings outside the borders of the Republic of China, by authorization or approval procedures.</p> <p>Also, since the Company is duly registered and incorporated under the laws of the Cayman Islands, which do not have any competent</p> |

| Major items of Shareholder rights' protection | Articles of Association provisions and cause of any deviations or divergence |
|--|---|
| <p>more of the total number of outstanding shares for a period of one year or a longer time may, by filing a written proposal setting forth therein the subjects for discussion and the reasons, request the Board of Directors to call a special meeting of shareholders. If the Board of Directors fails to give a notice for convening a special meeting of shareholders within 15 days after the filing of the request under the preceding Paragraph, the proposing shareholder(s) may, after obtaining an approval from the competent authority, convene a special meeting of shareholders on his/their own.</p> <p>(3) Shareholders continuously holding 50% or more of the total number of outstanding shares of a company for a period of three months or a longer time may convene a special shareholders' meeting. The calculation of the holding period and holding number of shares shall be based on the holding at the time of share transfer suspension date.</p> | <p>authority responsible for approving whether a shareholders' meeting may be convened, thus pursuant to Article 32 of the Articles of Association of the Company, any or a plural number of shareholders of a company who have continuously held 3% or more of the total number of outstanding shares for a period of one year or a longer time may, by filing a written proposal setting forth therein the subjects for discussion and the reasons, request the Board of Directors to call a special meeting of shareholders. After the Board of Directors receives said application, if within 15 days thereof no action is taken thereon to convene a Shareholders' meeting, then the shareholder lodging the application may convene the shareholders' meeting directly, and there is no need to apply for approval from the competent authorities. This is deemed to be in accordance with TWSE directive Shang Tzu No. 0991701319 of April 13, 2010 by the Taiwan Stock Exchange, and has no adverse effect on shareholder rights.</p> <p>Additionally, the Company is duly registered and incorporated under the laws of the Cayman Islands, which do not have any competent authority responsible for approving whether a shareholders' meeting may be convened, thus pursuant to Article 32 of the Articles of Association of the Company, shareholders who have continuously held more than half of the total number of issued shares for a period of three months or more may convene an extraordinary shareholders' meeting on their own. The calculation of the shareholders' holding period and the number of shares held shall be based on the shareholding at the time when the transfer of shares is suspended. This is deemed to be in accordance with TWSE directive Shang 2 Tzu No. 1071703794 of November 11, 2018 by the Taiwan Stock Exchange, and has no adverse effect on shareholder rights.</p> |
| <p>A company whose shareholders may exercise their voting power in writing or by way of electronic transmission in a shareholders' meeting shall describe in the shareholders' meeting notice the method of exercising their voting power. A shareholder who exercises his/her/its voting power at a shareholders meeting in writing or by way of electronic</p> | <p>When a shareholder exercises their right to vote in writing or by electronic means, in accordance with the law of the Cayman Islands this is deemed to be a proxy in favor of the Chairperson of the Shareholders' meeting, and in accordance with the latter clause of Article 58 of the Company's Articles of Association, said person shall exercise and cast the vote in</p> |

| Major items of Shareholder rights' protection | Articles of Association provisions and cause of any deviations or divergence |
|---|--|
| <p>transmission shall be deemed to have attended the said shareholders' meeting in person, but shall be deemed to have waived his/her/its voting power in respect of any extemporary motion(s) and/or the amendment(s) to the contents of the original proposal(s) at the said shareholders' meeting.</p> | <p>accordance with the written or electronically conveyed instructions or contents.</p> |
| <p>When a Company holds shareholders' meetings outside the borders of the Republic of China, it shall nevertheless retain a Stock Transfer agency within the Republic of China borders to handle shareholder voting matters.</p> | <p>In accordance with Article 33 of the Company's Articles of Association: "During listing, the Company shall retain a Stock Transfer Agency within the Republic of China to handle shareholders' meeting issues, including but not limited to voting matters." Thus, even though the Company while listed shall convene its' shareholders' meetings within the Republic of China borders, it shall nevertheless retain a Stock Transfer Agency within the Republic of China borders to handle shareholder voting matters.</p> |
| <p>(1) During the term of office of a director or supervisor, if they transfer more than one half of the shares in the company held thereby at the time of election, they shall be then discharged from their office.</p> <p>(2) In the case of any of the Company's Directors or Supervisors, who after having been elected and before their inauguration into office, shall have transferred more than one half of the total number of shares of the company they hold at the time of election as such; or had transferred more than one half of the total number of shares held within the share transfer prohibition period fixed prior to the convention of a shareholders' meeting, then their election as a director shall be invalid.</p> | <p>See Paragraph 4 of Article 14-2 of the Taiwan Securities Exchange Act, stating that independent directors are not subject to the provisions of the latter clause of Paragraph 1 or the provisions of Paragraph 3 of Article 197 of the Taiwan Company Act. Thus, Articles 84(2) and 84(3) of the Company's Articles of Association clearly stipulate exclusion of the left field provisions mandating application to independent directors.</p> |

7.3.2. The following is the disclosure of the Regulations pursuant to Article 16 of the Company's "Code of Business Conduct and Ethics for the Board of Directors and Managers:

Chapter 1 General

Article 1: Purpose of and basis for adoption

The Code of Ethical Conduct is duly established to pursue the greatest interest of the Company and devote to sustainable development, and for stakeholders to better understand the content of ethical standards and codes of conduct that have been complied with by directors, managers and all employees in the execution of their duties.

Article 2: Applicable scope

As used in the Code, the term of art "managers" refers to the Company's general managers or their equivalents, assistant general managers or their equivalents, vice assistant general managers or their equivalents, chief financial and chief accounting officers, and other persons authorized to manage affairs and sign documents on behalf of a company.

Chapter 2 Operating Procedures

Article 3: Discharging the duty of care

Directors and Managers shall comply with the law and provisions of this Code and shall lead by example in promoting the implementation of this Code and pursuing the highest ethical and behavioral standards.

Directors and Managers shall have a duty of care during the performance of their duties; furthermore, they shall not harm the rights and interests of the Company for the benefit of any specific individual or organization, but shall aim to pursue the Company's overall interest, and all shareholders shall be treated equally during the exercise of their duties by the aforesaid.

Article 4: Prevention of conflicts of interest

Where the motions/issues tabled in Board of Directors' meetings are related to the interest of a Director which may pose a risk to the interest of the Company, the said Director shall recuse himself from voting; furthermore, he shall not represent other Directors in the exercise of their voting rights.

Directors and Managers who enter into sale and purchase deals or loans or engage in other legal actions for themselves or on behalf of others should reveal the relevant items and issues and provide explanations to the Board of Directors.

Conflicts of interest occur when personal interest intervenes or is likely to intervene in the overall interest of the Company, as for example when a director, supervisor, or managerial officer of the Company is unable to perform their duties in an objective and efficient manner, or when a person in such a position takes advantage of their position in the Company to obtain improper benefits for either themselves or their spouse, parents, children, or relatives within the second degree of kinship. The company shall pay special attention to loans of funds, provisions of guarantees, and major asset transactions or the purchase (or sale) of goods involving the affiliated enterprise at which a director, supervisor, or managerial officer works. The company shall establish a policy aimed at preventing conflicts of interest, and shall offer appropriate means for directors and managerial officers to voluntarily explain whether there is any potential conflict between them and the Company.

Article 5: Prohibition of Business Competition

Directors engaging in businesses which are in competition with those of the Company shall give prior report to the Shareholders' meeting and obtain approval in accordance with the provisions of the Company Law. Managers engaging in businesses which are in competition with those of the Company shall give prior report to the Board of Directors and obtain prior

approval in accordance with the provisions of the Company Law.

Article 6: Minimizing incentives to pursue personal gain

The company shall prevent its directors or managerial officers from engaging in any of the following activities: (1) Seeking an opportunity to pursue personal gain by using company property or information or taking advantage of their positions. (2) Obtaining personal gain by using company property or information or taking advantage of their positions. (3) Competing with the Company. When the Company has an opportunity for profit, it is the responsibility of the directors and managers to maximize the reasonable and proper benefits that can be obtained by the Company.

Article 7: Fair trade

Directors and managers shall treat all suppliers and customers, competitors, and employees fairly, and may not obtain improper benefits through manipulation, nondisclosure, or misuse of the information learned by virtue of their positions, or through misrepresentation of important matters, or through other unfair trading practices.

Article 8: Insider Trading

Directors and Managers who in the course of work have access to information which may have a serious impact on the Company's share price, shall maintain strict confidentiality of the said information prior to its public disclosure in accordance with the Securities Trading Act; utilization of the said information for insider trading is strictly prohibited.

Article 9: Duty of Confidentiality

Directors and Managers who in the course of work have access to confidential information shall maintain the same. Save where the said confidential information has been publicly disclosed or provided on a need-to-know basis in the execution of work, they shall not disclose the said confidential information to anyone or use the same for any non workrelated purposes. The duty of confidentiality shall continue to apply after the termination of the service of Directors, Supervisors and Managers.

Information which should be kept confidential includes all staff and customer information, inventions, trade secrets, technical information, product designs, specialized manufacturing knowledge, financial and accounting information, intellectual property rights and other relevant undisclosed information which may be useful to competitors or which may cause harm to the Company or its customers upon the disclosure of the same.

Article 10: Safeguarding and proper use of company assets

All directors and managers have the responsibility to safeguard company assets and to ensure that they can be effectively and lawfully used for official business purposes; any theft, negligence in care, or waste of the assets will all directly impact the Company's profitability.

Article 11: Legal compliance

Directors and Managers shall comply with the law and the relevant Company policies and rules.

Article 12: Political donations and activities

Directors and Managers shall in every way avoid influencing company staff in respect of political donations, supporting specific political parties and/or candidates or their participation in other political activities.

Article 13: Encouraging reporting on illegal or unethical activities

The company shall raise awareness of ethics internally and encourage employees to report to a company supervisor, manager, chief internal auditor, or other appropriate individual

upon suspicion or discovery of any activity in violation of a law or regulation or the code of ethical conduct. To encourage employees to report illegal conduct, the company shall establish a concrete whistle-blowing system and make employees aware that the company will use its best efforts to ensure the safety of informants and protect them from reprisals.

Article 14: Violations

Directors and Managers shall refer all violations to the Board of Directors.

Article 15: Procedures for exemption

Directors and Managers may be exempted from subsection to the regulations as stated herein, if they have valid reasons, subject to approval by the Board. The code of ethical conduct adopted by a company must require that any exemption for directors, supervisors, or managers from compliance with the code be adopted by a resolution of the Board of Directors, and that information on the date on which the Board of Directors adopted the resolution for exemption, objections or reservations of independent directors, and the period of, reasons for, and principles behind the application of the exemption be disclosed without delay on the MOPS, in order that the shareholders may evaluate the appropriateness of the board resolution to forestall any arbitrary or dubious exemption from the code, and to safeguard the interests of the Company by ensuring appropriate mechanisms for controlling any circumstance under which such an exemption occurs.

Chapter 3 Supplementary Provisions

Article 16: Enforcement and Method of disclosure

The Code shall be implemented after the Board of Directors grants the approval. The Board of Directors' resolution shall be submitted to the Supervisors for reference and submitted to the shareholders' meeting. A TWSE or TPEX listed company shall disclose the code of ethical conduct it has adopted, and any amendments to it, on its company website, in its annual reports and prospectuses, and on the MOPS.

7.3.3. The following is the disclosure of the regulations pursuant to Article 25 of the Company's "Ethical Corporate Management Best Practice Principles":

Chapter 1 General

Article 1: Purpose and scope

These Principles are adopted to foster a corporate culture of ethical management and sound development, and offer a reference framework for establishing good commercial practices. The ethical corporate management best practice principles applicable to its business groups and organizations of the Company, which comprise its subsidiaries, any foundation to which the Company's direct or indirect contribution of funds exceeds 50 percent of the total funds received, and other institutions or juridical persons which are substantially controlled by the Company ("hereafter, the group and organization").

Chapter 2 Operating Procedures

Article 2: Prevention of unethical conduct

When engaging in commercial activities, directors, supervisors, managers, employees, and mandataries of the Company, or persons having substantial control over it ("substantial controllers") shall not directly or indirectly offer, promise to offer, request or accept any improper benefits, nor commit unethical acts including breach of ethics, illegal acts, or breach of fiduciary duty ("unethical conduct") for purposes of acquiring or maintaining benefits.

Parties referred to in the preceding paragraph include civil servants, political candidates, political parties or members of political parties, state-run or private-owned businesses or institutions, and their directors, supervisors, managers, employees or substantial controllers

or other stakeholders.

Article 3: Pattern of interests

"Interests" in these Principles means any valuable things, including money, endowments, commissions, positions, services, preferential treatment or rebates of any type or in any name. But interests or benefits received or given occasionally in accordance with accepted social customs and that do not adversely affect specific rights and obligations shall be excluded therefrom.

Article 4: Compliance with laws and regulations

The Company shall comply with the Company Act, Securities and Exchange Act, Business Entity Accounting Act, Political Donations Act, Anti-Corruption Statute, Government Procurement Act, Act on Recusal of Public Servants Due to Conflicts of Interest, 2 TWSE/GTSM-listing rules, or other laws or regulations regarding commercial activities, as the underlying basic premise to facilitate ethical corporate management.

Article 5: Policy

The Company shall abide by the operational philosophies of honesty, transparency and responsibility, base policies on the principle of good faith. After being approved by the Board of Directors, the Company shall establish good corporate governance and risk control and management mechanism so as to create an operational environment for sustainable development.

Article 6: Prevention program

The Company shall in their own ethical management policy clearly and thoroughly prescribe the specific ethical management practices and the programs to forestall unethical conduct ("prevention programs"), including operational procedures, guidelines, and training.

When establishing the prevention program, the Company shall comply with relevant laws and regulations of the territory where the Company and its Business Group are operating. In the course of developing the prevention programs, the Company is advised to negotiate and communicate with staff, labor union members, important trading counterparties, or other stakeholders.

Article 7: Scope of prevention program

When establishing the prevention program, the Company shall establish assessment mechanism on the risk of unethical conducts. and routinely analyze business activities within their business scope which may be at a higher risk of being involved in an unethical conduct, and devise prevention plans accordingly. The appropriateness and effectiveness of the said prevention programs shall be routinely reviewed.

For listed and OTC companies, it is advised to refer to general standards accepted domestically and internationally to devise a prevention program. The prevention program established by the Company shall at least include preventive measures against the following:

1. Offering and acceptance of bribes.
2. Illegal political donations.
3. Improper charitable donations or sponsorship.
4. Offering or acceptance of unreasonable presents or hospitality, or other improper benefits.
5. Misappropriation of trade secrets and infringement of trademark rights, patent rights, copyrights and other intellectual property rights.
6. Engaging in unfair competitive practices.
7. Damage directly or indirectly caused to the rights and interests, health and safety of

consumers or other stakeholders in the course of research and development, procurement, manufacture, provision or sale of products and services.

Article 8: Undertaking and enforcement

The Company shall request their directors and senior management to issue a statement of compliance with the ethical management policy and require in the terms of employment that employees comply with such policy.

The Company and its business group shall clearly specify in their rules, external documents, and Company website the ethical corporate management policies and the commitment by the Board of Directors and the senior executives for rigorous and thorough implementation of such policies, and shall carry out the policies in internal management and in commercial activities.

The Company shall compile documented information on the ethical management policy, statement, commitment and implementation mentioned in the first and second paragraphs and retain said information properly.

Article 9: Ethical engagement in commercial activities

The Company shall engage in commercial activities in a fair and transparent manner based on the principle of ethical management.

Prior to any commercial transactions, the Company shall take into consideration the legality of its agents, suppliers, clients, or other trading counterparties and whether any of them are involved in unethical conduct, and shall avoid any dealings with persons so involved.

When entering into contracts with the agents, suppliers, clients or other trade parties in business interactions, the Company should include in such contracts provisions demanding ethical corporate management policy compliance and that in the event the trading counterparties are suspected of involving in unethical conduct, the Company may at any time terminate or cancel the contracts.

Article 10: Prevention of benefits offering and accepting

When conducting business, the Company and its directors, supervisors, managers, employees, retained entities, and those under substantial control, may not directly or indirectly offer, promise to offer, request, or accept any improper benefits in whatever form to or from clients, agents, contractors, suppliers, public servants, or other stakeholders.

Article 11: Prevention of unauthorized political donations

When directly or indirectly offering a donation to political parties or organizations or individuals participating in political activities, the Company and its directors, supervisors, managers, employees, retained entities, and those under substantial control, shall comply with the Political Donations Act and its own relevant internal operational procedures, and shall not make such donations in exchange for commercial gains or business advantages.

Article 12: Prevention of improper donations and sponsorship

When making or offering donations and sponsorship, the Company and its directors, supervisors, managers, employees, retained entities, and those under substantial control shall comply with relevant laws and regulations and internal operational procedures, and shall not surreptitiously engage in bribery.

Article 13: Prevention of unreasonable presents, hospitality or other improper benefits

The Company and its directors, supervisors, managers, employees, retained entities, and those under substantial control shall not directly or indirectly offer or accept any unreasonable presents, hospitality or other improper benefits to establish business relationships or influence commercial transactions.

Article 14: Prevention of Infringement of Intellectual Property Rights

The Company and its directors, supervisors, managers, employees, retained entities, and those under substantial control shall observe applicable laws and regulations, the Company's internal operational procedures, and contractual provisions concerning intellectual property, and may not use, disclose, dispose, or damage intellectual property or otherwise infringe intellectual property rights without the prior consent of the intellectual property rights holder.

Article 15: Unfair Competition Prevention

The Company shall conduct business activities based on related laws governing business competition and shall not engage in unfair practices, including price fixing, bid rigging, production and quotas restricting or sharing customers, suppliers, operation regions and types of business for market sharing and dividing.

Article 16: Preventing the damage of the products or services

In the course of research and development, procurement, manufacture, provision, or sale of products and services, the Company and its Directors, supervisors, managers, employees, retained entities, and those under substantial control shall observe applicable laws and regulations and international standards to ensure the transparency of information about, and safety of, their products and services. They shall also adopt and publish a policy on the protection of the rights and interests of consumers or other stakeholders, and carry out the policy in their operations, with a view to preventing their products and services from directly or indirectly damaging the rights and interests, health, and safety of consumers or other stakeholders. Where there are sufficient facts to determine that the Company's products or services are likely to pose any hazard to the safety and health of consumers or other stakeholders, the Company shall, in principle, recall those products or suspend the services immediately.

Article 17: Organization and Responsibility

The directors, supervisors, managers, employees, mandataries, and substantial controllers of the Company shall exercise the due care of good administrators to urge the Company to prevent unethical conduct, always review the results of the preventive measures and continually make adjustments so as to ensure thorough implementation of its ethical corporate management policies.

To achieve sound ethical corporate management, the Company shall establish a corporate governance unit and avail itself of adequate resources and staff itself with competent personnel, responsible for establishing and supervising the implementation of the ethical corporate management policies and prevention programs. The dedicated unit shall be in charge of the following matters, and shall report to the board of directors on a regular basis (at least once a year):

1. Assisting in incorporating ethics and moral values into the Company's business strategy and adopting appropriate prevention measures against corruption and malfeasance to ensure ethical management in compliance with the requirements of laws and regulations.
2. Analyzing and assessing on a regular basis the risk of involvement in unethical conduct within the business scope, and based on the assessment results, adopting programs to prevent unethical conduct, as well as setting out in each program the standard operating procedures and conduct guidelines with respect to the Company's operations and business.
3. Planning the internal organization, structure and allocation of responsibilities and setting up check-and-balance mechanisms for mutual supervision of the business activities within the business scope which are possibly at a higher risk for unethical conduct.

4. Promoting and coordinating awareness and educational activities with respect to ethics policy.
5. Developing a whistle-blowing system and ensuring its operating effectiveness.
6. Assisting the Board of Directors and management in auditing and assessing whether the prevention measures taken for the purpose of implementing ethical management are effectively operating, and preparing reports on the regular assessment of compliance with ethical management in operating procedures.

Article 18: Compliance with laws and regulations for conduct of business

The Company's Directors, supervisors, managers, employees, retained entities, and those under substantial control shall comply with laws and regulations and the prevention programs when conducting business.

Article 19: Prevention of conflicts of interest

The Company shall adopt policies for preventing conflicts of interest to identify, monitor, and manage risks possibly resulting from unethical conduct, and shall also offer appropriate means for directors, supervisors, managers, and other stakeholders attending or present at board meetings to voluntarily explain whether their interests would potentially conflict with those of the Company.

When a proposal at a given Board of Directors meeting concerns the personal interest of, or the interest of the juristic person represented by, any of the directors, supervisors, managers, and other stakeholders attending or present at board meetings of the Company, the concerned person shall state the important aspects of the relationship of interest at the given board meeting. If his or her participation is likely to prejudice the interest of the Company, the concerned person may not participate in discussion of or voting on the proposal and shall recuse himself or herself from the discussion or the voting, and may not exercise voting rights as proxy for another director. The directors shall practice self-discipline and must not support one another in improper dealings.

The directors, supervisors, managers, employees, retained entities, and those under substantial control shall not take advantage of their positions or influence in the companies to obtain improper benefits for themselves, their spouses, parents, children or any other person.

Article 20: Accounting and internal control

The Company shall establish effective accounting systems and internal control systems for business activities possibly at a higher risk of being involved in an unethical conduct, not have under-the-table accounts or keep secret accounts, and conduct reviews regularly so as to ensure that the design and enforcement of the systems are showing results.

The internal audit unit of the Company shall, based on the results of assessment of the risk of involvement in unethical conduct, devise relevant audit plans, including auditees, audit scope, audit items, audit frequency, etc., and examine accordingly the compliance with the prevention programs. The internal audit unit may engage a certified public accountant to carry out the audit, and may engage professionals to assist if necessary.

The results of examination in the preceding paragraph shall be reported to senior management and the ethical management dedicated unit and put down in writing in the form of an audit report to be submitted to the Board of Directors.

Article 21: Operating procedures and guidelines of conduct

The Company shall establish operational procedures and guidelines in accordance hereof to guide directors, supervisors, managers, employees, and substantial controllers on how to conduct business. The procedures and guidelines should at least contain the following

matters:

1. Standards for determining whether improper benefits have been offered or accepted.
2. Procedures for offering legitimate political donations.
3. Procedures and the standard rates for offering charitable donations or sponsorship.
4. Rules for avoiding work-related conflicts of interest and how they should be reported and handled.
5. Rules for keeping confidential trade secrets and sensitive business information obtained in the ordinary course of business.
6. Regulations and procedures for dealing with suppliers, clients and business transaction counterparties suspected of unethical conduct.
7. Handling procedures for violations of these Principles.
8. Disciplinary measures on offenders.

Article 22: Training and performance appraisal

The Company's Chairperson, general manager, or top management of the Company shall periodically convey the importance of ethical values to the directors, employees and retained entities.

The Company shall periodically organize training and awareness programs for directors, supervisors, managers, employees, retained entities, and those under substantial control and invite the companies' commercial transaction counterparties so they understand the companies' resolve to implement ethical corporate management, the related policies, prevention programs and the consequences of committing unethical conduct.

The Company shall apply the policies of ethical corporate management when creating its employee performance appraisal system and human resource policies to establish a clear and effective reward and discipline system.

Article 23: Unethical conduct reporting system

The Company shall establish and implement a solid reporting system, which shall cover at least the following matters:

1. An independent mailbox or hotline, either internally established and publicly announced or provided by an independent external institution, to allow insiders and outsiders to submit reports.
2. Dedicated personnel or unit appointed to handle the whistle-blowing system. Any violation involving a director or senior management shall be reported to the independent directors or supervisors. Categories of reported misconduct shall be delineated and standard operating procedures for the investigation of each shall be adopted.
3. Follow-up measures to be adopted depending on the severity of the circumstances after investigations of cases reported are completed. Where necessary, a case shall be reported to the competent authority or referred to the judicial authority.
4. Documentation and preservation of case acceptance, investigation processes, investigation results and relevant documents.
5. Confidentiality of the identity of whistle-blowers and the content of reported cases. Reporting from anonymous whistle-blowers is accepted.
6. Measures for protecting whistle-blowers from inappropriate disciplinary actions due to their whistle-blowing.
7. Whistle-blowing incentive measures.

When material misconduct or likelihood of material impairment to the Company comes to their awareness upon investigation, the dedicated personnel or unit handling the whistleblowing system shall immediately prepare a report and notify the independent directors or supervisors in writing.

Article 24: Punishment and Complaint System

The Company shall adopt and publish a well-defined disciplinary and appeal system for handling violations of the ethical corporate management rules, and shall make immediate disclosure on the Company's internal website of the title and name of the violator, the date and details of the violation, and the actions taken in response.

Article 25: Information Disclosure

The Company shall collect quantitative data about the promotion of ethical management and continuously analyze and assess the effectiveness of the promotion of ethical management policy. They shall also disclose the measures taken for implementing ethical corporate management, the status of implementation, the foregoing quantitative data, and the effectiveness of promotion on their company websites, annual reports, and prospectuses, and shall disclose their ethical corporate management best practice principles on the Market Observation Post System.

Article 26: Review and improvement in ethical corporate management policies and measures

The Company shall at all times monitor the development of relevant local and international regulations concerning ethical corporate management and encourage their directors, supervisors, managers, and employees to make suggestions, based on which the adopted ethical corporate management policies and measures taken will be reviewed and improved with a view to achieving better implementation of ethical management.

Chapter 3 Supplementary Provisions

Article 27: Implementation

The ethical corporate management best practice principles of the Company shall be implemented after the Board of Directors grants the approval, and shall be sent to the supervisors and reported at a shareholders' meeting. The same procedure shall be followed when the principles have been amended.

The Company has appointed independent directors; when the ethical corporate management best practice principles are submitted for discussion by the Board of Directors pursuant to the preceding paragraph, the Board of Directors shall take into full consideration each independent director's opinions. If an independent director objects to or expresses reservations about any matter, it shall be recorded in the minutes of the Board of Directors meeting. An independent director that cannot attend the board meeting in person to express objection or reservations shall provide a written opinion before the board meeting, unless there is some legitimate reason to do otherwise, and the opinion shall be specified in the minutes of the Board of Directors meeting.

The Company has established an audit committee, the provisions regarding supervisors in these Principles shall apply mutatis mutandis to the audit committee.

7.3.4. The following is the disclosure of the Company's "Employee Code of Ethical Conduct" as defined in Article 12 of the Guidelines:

Chapter 1 General

Article 1: Purpose of and basis for adoption

Conduct for TWSE/TPEX Listed Companies. In accordance with the "Guidelines for the Adoption of Codes of Ethical Conduct for TWSE/TPEX Listed Companies," the Company has formulated the Employee Code of Ethical Conduct for managers and all employees to

comply with ethical standards and to ensure stakeholders are more informed of the Company's ethical standards, and to ensure due fulfillment thereof.

Article 2: Definition of employees

The term "employees" in this Employee Codes of Ethical Conduct refers to the Company's managers and all employees (hereafter, the Company's employees).

Chapter 2 Operating Procedures

Article 3: Prevention of conflicts of interest

The Company's employees should avoid conflicts of interest from personal interests or potential conflicts of interest with the Company's overall interests, and shall abide by the following principles:

1. The Company shall handle its official business in an objective and efficient manner.
2. A person who is required to be avoided, includes oneself, a spouse, parents, children, or relatives within the second degree of kinship deemed to obtain to any improper benefit.
3. One with a potential conflict of interest with the Company shall proactively disclose the same.
4. Other conflicts of interest shall also be avoided.

The Company shall pay attention to the aforesaid employees' affiliated enterprise funds, or provide guarantees, material assets transactions, and purchase (sales) of goods thereto.

The Company shall establish a policy aimed at preventing conflicts of interest, and shall offer appropriate means for the Company's employees to voluntarily explain whether there is any potential conflict between them and the Company.

Article 4: Minimizing incentives to pursue personal gain

The company shall prevent its' employees from engaging in any of the following activities:

1. Seeking an opportunity to pursue personal gain by using company property or information, or taking advantage of their positions.
2. Obtaining personal gain by using company property or information, or taking advantage of their positions.
3. Competition with the Company.

When the Company has an opportunity for profit, it is the responsibility of the employees to maximize the reasonable and proper interests and benefits which can be so obtained by the Company.

Article 5: Duty of Confidentiality

The employees of the Company shall be bound by the obligation and duty to maintain the confidentiality of any information regarding the Company itself or its suppliers and customers, except when authorized or required by law to disclose such information. Confidential information includes any undisclosed information that, if exploited by a competitor or disclosed, could result in damage to the Company or its suppliers and customers.

Article 6: Fair trade

The Company's employees shall treat all suppliers and customers, competitors, and employees fairly, and may not obtain improper benefits through manipulation, nondisclosure, or misuse of the information learned by virtue of their positions, or through misrepresentation of important matters, or through other unfair trading practices.

The Company's personnel shall not act on behalf of their personal, company or a third-party

interest in the course of performing their duties make any request, offer, delivery or receive any form of gifts, entertainment, rebates, bribery or other improper benefits. However, if the gifts or solicitation are proper social etiquette or otherwise allowed by the Company, this restriction shall not apply.

Article 7: Safeguarding and proper use of company assets

All employees have the responsibility to safeguard company assets and to ensure that they can be effectively and lawfully used for official business purposes; any theft, negligence in care, or waste of assets will directly impact the Company's profitability.

Article 8: Legal compliance

The Company shall strengthen its compliance with the Securities and Exchange Act and other applicable laws, regulations, and bylaws.

Article 9: Encouraging reporting on illegal or unethical activities

The Company shall promote ethical concepts and practices and encourage employees to report to independent directors, managers, internal audit supervisors, or other appropriate personnel when there are suspected violations or discovery of violations of the code of conduct. To encourage employees to report illegal conduct, the company shall establish a concrete whistle-blowing system and make employees aware that the company will use its best efforts to ensure the safety of informants and protect them from reprisals.

Article 10: Disciplinary measures

When the Company's employees violate the code of ethical conduct, the Company shall handle the matter in accordance with the disciplinary measures prescribed in the code, and shall without delay disclose on the Market Observation Post System (MOPS) the date of the violation by the violator, reasons for the violation, the provisions of the code violated, and the disciplinary actions taken. The Company shall establish a relevant complaint system to provide the violator with remedies.

Article 11: Procedures for exemption

Exemptions and waivers from the code of ethical conduct adopted by the Company require adoption by a resolution of the Board of Directors, and information on the date on which the Board of Directors adopted the resolution for exemption, objections or reservations of independent directors, and the period of, reasons for, and principles behind the application of the exemption are to be disclosed without delay on the MOPS, in order that shareholders may evaluate the appropriateness of the board resolution to forestall any arbitrary or capricious exemption from the code, and to safeguard the interests of the Company by ensuring appropriate mechanisms for controlling any circumstance under which such an exemption occurs.

Article 12: Method of disclosure

A publicly traded company shall disclose the code of ethical conduct it has adopted, and any amendments to it, on its company website, in its annual reports and prospectuses and on the MOPS.

Chapter 3 Supplementary Provisions

Article 13: Enforcement

The code of ethical conduct shall enter into force after it has been adopted by the Board of Directors, and when submitted to the shareholders meeting, or upon amendment, *mutatis mutandis*.

7.3.5. The following is the disclosure of the Company's "Procedures and Behavioral Guidelines of Ethical Corporate Management" as defined in Article 16 of the Guidelines

Chapter 1 General

Article 1: Purpose of adoption and scope of application

This Company engages in commercial activities following the principles of fairness, honesty, faithfulness, and transparency, and in order to fully implement a policy of ethical management and actively prevent unethical conduct, these Procedures and Behavioral Guidelines of Ethical Corporate Management (hereinafter, "Procedures and Guidelines") are adopted pursuant to the provisions of the Ethical Corporate Management Best Practice Principles for TWSE/GTSM-Listed Companies and the applicable laws and regulations of the places where this Company and its business groups and organizations operate, with a view to providing all personnel of this Company with clear directions for the performance of their duties.

The scope of application of these Procedures and Guidelines includes the subsidiaries of this Company, any incorporated foundation in which this Company's accumulated contributions, direct or indirect, exceed 50 percent of the total funds of the foundation, and other group enterprises and organizations, such as institutions or juristic persons, substantially controlled by this Company.

Article 2: Applicable subjects

For the purposes of these Procedures and Guidelines, the term "personnel of this Company" refers to any director, supervisor, managerial officer, employee, mandatary or person having substantial control, of this Company or its group enterprises and organizations.

Any provision, promise, request, or acceptance of improper benefits by any personnel of this Company through a third party will be presumed to be an act by the personnel of this Company.

Chapter 2 Operating Procedures

Article 3: Unethical conduct

For the purposes of these Procedures and Guidelines, "unethical conduct" means that any personnel of this Company, in the course of their duties, directly or indirectly provides, promises, requests, or accepts improper benefits or commits a breach of ethics, unlawful act, or breach of fiduciary duty for purposes of acquiring or maintaining benefits.

The counterparties of the unethical conduct under the preceding paragraph include public officials, political candidates, political parties or their staffs, and government-owned or private-owned enterprises or institutions and their directors, supervisors, managerial officers, employees, persons having substantial control, or other interested parties.

Article 4: Types of benefits

For the purposes of these Procedures and Guidelines, the term "benefits" means any money, gratuity, gift, commission, position, service, preferential treatment, rebate, facilitating payment, entertainment, dining, or any other item of value in whatever form or name.

Article 5: Responsible unit and duties

The Company shall designate the CEO Office as the solely responsible unit (hereinafter, "responsible unit") under the Board of Directors, where sufficient resources and appropriate personnel shall be available to the unit, and in charge of the amendment, implementation, interpretation, and advisory services with respect to these Procedures and Guidelines, the recording and filing of reports, and the monitoring of implementation. The responsible unit shall be in charge of the following matters and also submit regular reports to the Board of Directors (at least once a year):

1. Assisting in incorporating ethics and moral values into this Company's business strategy and adopting appropriate prevention measures against corruption and malfeasance to ensure ethical management in compliance with the requirements of laws and regulations.
2. Analyzing and assessing on a regular basis the risk of involvement in unethical conduct within the business scope, and based on the assessment results, adopting programs to prevent unethical conduct, as well as setting out in each program the standard operating procedures and conduct guidelines with respect to the Company's operations and business.
3. Planning the internal organization, structure and allocation of responsibilities and setting up check-and-balance mechanisms for mutual supervision of the business activities within the business scope which are possibly at a higher risk for unethical conduct.
4. Promoting and coordinating awareness and educational activities with respect to ethics policy.
5. Developing a whistle-blowing system and ensuring its operating effectiveness.
6. Assisting the Board of Directors and management in auditing and assessing whether the prevention measures taken for the purpose of implementing ethical management are effectively operating, and preparing reports on the regular assessment of compliance with ethical management in operating procedures.
7. The Company shall compile documented information on the ethical management policy, compliance statement, implement commitment and execution status and retain said information properly.

Article 6: Prohibition against providing or accepting improper benefits

Except under one of the following circumstances, when providing, accepting, promising, or requesting, directly or indirectly, any benefits as specified in Article 4, the conduct of the given personnel of this Company shall comply with the provisions of the Ethical Corporate Management Best Practice Principles for TWSE/GTSM-Listed Companies and these Procedures and Guidelines, and the relevant procedures shall have been carried out:

1. The conduct is undertaken to meet business needs and is in accordance with local courtesy, convention, or custom during domestic (or foreign) visits, reception of guests, promotion of business, and communication and coordination.
2. The conduct has its basis in ordinary social activities that are attended or others are invited to hold in line with accepted social custom, commercial purposes, or developing relationships.
3. Invitations to guests or attendance at commercial activities or factory visits in relation to business needs, when the method of fee payment, number of participants, class of accommodations, and the time period for the event or visit have been specified in advance.
4. Attendance at folk festivals that are open to and invite the attendance of the general public.
5. Rewards, emergency assistance, condolence payments, or honorariums from the management.
6. Money, property, or other benefits with a market value of NT\$6,000 or less offered to or accepted from a person other than relatives or friends; or gifts of property with a total market value of NT\$20,000 or less given by another party to the majority of the personnel of this Company, provided that the total market value of the property offered to the same counterparty or coming from the same source within a single fiscal year shall be limited to NT\$50,000.
7. Property with a market value of NT\$6,000 or less received due to engagement, marriage, maternity, relocation, assumption of a position, promotion or transfer, retirement, resignation, or severance, or the injury, illness, or death of the recipient or the recipient's

spouse or lineal relative.

8. Other conduct that complies with the rules of this Company.

Article 7: Procedures for handling the acceptance of improper benefits

Except under any of the circumstances set forth in the preceding article, when any personnel of this Company are provided with or are promised, either directly or indirectly, any benefits as specified in Article 4 by a third party, the matter shall be handled in accordance with the following procedures:

1. If there is no relationship of interest between the party providing or offering the benefit and the official duties of this Company's personnel, the personnel shall report to their immediate supervisor within 3 days from the acceptance of the benefit, and the responsible unit shall be notified if necessary.
2. If a relationship of interest does exist between the party providing or offering the benefit and the official duties of this Company's personnel, the personnel shall return or refuse the benefit, and shall report to his or her immediate supervisor and notify the responsible unit. When the benefit cannot be returned, then within 3 days from the acceptance of the benefit, the personnel shall refer the matter to the responsible unit for handling.

"A relationship of interest between the party providing or offering the benefit and the official duties of this Company's personnel," as referred to in the preceding paragraph, refers to one of the following circumstances:

1. When the two parties have commercial dealings, a relationship of direction and supervision, or subsidies (or rewards) for expenses.
2. When a contracting, trading, or other contractual relationship is being sought, is in progress, or has been established.
3. Other circumstances in which a decision regarding this Company's business, or the execution or non-execution of business, will result in a beneficial or adverse impact.

The responsible unit of this Company shall make a proposal, based on the nature and value of the benefit under paragraph 1, that it be returned, accepted on payment, given to the public, donated to charity, or handled in another appropriate manner. The proposal shall be implemented after being reported and approved.

Article 8: Prohibition of and handling procedure for facilitating payments

This Company shall neither provide nor promise any facilitating payment.

If any personnel of this Company provides or promises a facilitating payment under threat or intimidation, they shall submit a report to their immediate supervisor stating the facts and shall notify the responsible unit.

Upon receipt of the report under the preceding paragraph, the responsible unit shall take immediate action and undertake a review of relevant matters in order to minimize the risk of recurrence. In a case involving alleged illegality, the responsible unit shall also immediately report to the relevant judicial agency.

Article 9: Procedures for handling political contributions

Political contributions by this Company shall be made in accordance with the following provisions, reported to the supervisor in charge for approval, and a notification given to the responsible unit, and when the amount of a contribution is NT\$300,000 or more, it shall be made only after being reported to and approved by the board of directors:

1. It shall be ascertained that the political contribution is in compliance with the laws and regulations governing political contributions in the country in which the recipient is located, including the maximum amount and the form in which a contribution may be

made.

2. A written record of the decision-making process shall be kept.
3. Account entries shall be made for all political contributions in accordance with applicable laws and regulations and relevant procedures for accounting treatment.
4. In making political contributions, commercial dealings, applications for permits, or carrying out other matters involving the interests of this Company with the related government agencies shall be avoided.

Article 10: Procedures for handling charitable donations or sponsorships

Charitable donations or sponsorships by this Company shall be provided in accordance with the following provisions and reported to the supervisor in charge for approval, and a notification shall be given to the responsible unit. When the amount is NT\$4,000,000 or more, the donation or sponsorship shall be provided only after it has been submitted for adoption by the board of directors:

1. It shall be ascertained that the donation or sponsorship is in compliance with the laws and regulations of the country where this Company is doing business.
2. A written record of the decision making process shall be kept.
3. A charitable donation shall be given to a valid charitable institution and may not be a disguised form of bribery.
4. The returns received as a result of any sponsorship shall be specific and reasonable, and the subject of the sponsorship may not be a counterparty of this Company's commercial dealings or a party with which any personnel of this Company has a relationship of interest.
5. After a charitable donation or sponsorship has been given, it shall be ascertained that the destination to which the money flows is consistent with the purpose of the contribution.

Article 11: Recusal

When a director, supervisor, officer or other stakeholder of this Corporation attending or present at a board meeting, or the juristic person represented thereby, has a stake in a matter under discussion in the meeting, that director, supervisor, officer or stakeholder shall state the important aspects of the stake in the meeting and, where there is a likelihood that the interests of this Corporation would be prejudiced, may not participate in the discussion or vote on that proposal, shall recuse himself or herself from any discussion and voting, and may not exercise voting rights as proxy on behalf of another director. The directors shall exercise discipline among themselves, and may not support each other in an inappropriate manner.

Where the spouse, a blood relative within the second degree of kinship of a director, or any company which has a controlling or subordinate relation with a director has interests in the matters under discussion in the meeting of the preceding paragraph, such director shall be deemed to have a personal interest in the matter.

If in the course of conducting company business, any personnel of this Corporation discovers that a potential conflict of interest exists involving themselves or the juristic person that they represent, or that they or their spouse, parents, children, or a person with whom they have a relationship of interest is likely to obtain improper benefits, the personnel shall report the relevant matters to both his or her immediate supervisor and the responsible unit, and the immediate supervisor shall provide the personnel with proper instructions.

No personnel of this Corporation may use company resources on commercial activities other than those of this Corporation, nor may any personnel's job performance be affected by his or her involvement in the commercial activities other than those of this Corporation.

Article 12: Special unit in charge of confidentiality regime and its responsibilities

This Company shall set up a special unit charged with formulating and implementing procedures for managing, preserving, and maintaining the confidentiality of this Company's trade secrets, trademarks, patents, works and other intellectual properties and it shall also conduct periodical reviews on the results of implementation to ensure the sustained effectiveness of the confidentiality procedures.

All personnel of this Company shall faithfully follow the operational directions pertaining to intellectual properties as mentioned in the preceding paragraph and may not disclose to any other party any trade secrets, trademarks, patents, works, and other intellectual properties of this Company of which they have learned, nor may they inquire about or collect any trade secrets, trademarks, patents, and other intellectual properties of this Company unrelated to their individual duties.

Article 13: Prohibition against unfair competition

This Company shall follow the Fair Trade Act and applicable competition laws and regulations when engaging in business activities, and may not fix prices, make rigged bids, establish output restrictions or quotas, or share or divide markets by allocating customers, suppliers, territories, or lines of commerce.

Article 14: Prevention of damage caused by products and services to stakeholders

This Company shall collect and understand the applicable laws and regulations and international standards governing its products and services which it shall observe and gather and publish all guidelines to cause personnel of this Company to ensure the transparency of information about, and safety of, the products and services in the course of their research and development, procurement, manufacture, provision, or sale of products and services.

This Company shall adopt and publish on its website a policy on the protection of the rights and interests of consumers or other stakeholders to prevent its products and services from directly or indirectly damaging the rights and interests, health, and safety of consumers or other stakeholders.

Where there are media reports, or sufficient facts to determine, that this Company's products or services are likely to pose any hazard to the safety and health of consumers or other stakeholders, this Company shall, within 7 days, recall those products or suspend the services, verify the facts and present a review and improvement plan.

The responsible unit of this Company shall report the event as in the preceding paragraph, actions taken, and subsequent reviews and corrective measures taken to the board of directors.

Article 15: Prohibition against insider trading and non-disclosure agreement

All Company personnel shall adhere to the provisions of the Securities and Exchange Act, and may not take advantage of undisclosed information of which they have learned to engage in insider trading. Personnel are also prohibited from divulging undisclosed information to any other party, in order to prevent other party from using such information to engage in insider trading.

Any organization or person outside of this Company that is involved in any merger, demerger, acquisition and share transfer, major memorandum of understanding, strategic alliance, other business partnership plan, or the signing of a major contract by this Company shall be required to sign a non-disclosure agreement in which they undertake not to disclose to any other party any trade secret or other material information of this Company acquired as a result, and that they may not use such information without the prior consent of this Company.

Article 16: Compliance and declaration of ethical management policy

The Company shall request their directors and senior management to issue a statement of compliance with the ethical management policy and require in the terms of employment that employees comply with such policy.

The Company shall disclose its ethical corporate management policies in internal regulations, annual reports, on the Company's website, or via other announcement methods.

The ethical corporate management policies shall be announced at an appropriate time at product launches, investor conferences, and other public events so that suppliers, customers, and other business related organizations and personnel can clearly understand the Company's ethical management concept and regulations.

Article 17: Ethical management evaluation prior to development of commercial relationships

Before developing a commercial relationship with another party, such as an agent, supplier, customer, or other counterparty in commercial dealings, this Company shall evaluate the legality and ethical management policy of the party and ascertain whether the party has a record of involvement in unethical conduct, in order to ensure that the party conducts business in a fair and transparent manner and will not request, offer, or take bribes.

When this Company carries out the evaluation under the preceding paragraph, it may adopt appropriate audit procedures for a review of the counterparty with which it will have commercial dealings with respect to the following matters, in order to gain a comprehensive knowledge of its ethical management:

1. The enterprise's nationality, location of business operations, organizational structure, and management policy, and place where it will make payment.
2. Whether the enterprise has adopted an ethical management policy, and the status of its implementation.
3. Whether enterprise's business operations are located in a country with a high risk of corruption.
4. Whether the business operated by the enterprise is in an industry with a high risk of bribery.
5. The long-term business condition and degree of goodwill of the enterprise.
6. Consultation with the enterprise's business partners on their opinion of the enterprise.
7. Whether the enterprise has a record of involvement in unethical conduct such as bribery or illegal political contributions.

Article 18: Statement of ethical management policy to counterparties in commercial dealings

Any personnel of this Company, when engaging in commercial activities, shall make a statement to the trading counterparty about this Company's ethical management policy and related rules, and shall clearly refuse to provide, promise, request, or accept, directly or indirectly, any improper benefit in whatever form or name.

Article 19: Avoidance of commercial dealings with unethical operators

All personnel of this Company shall avoid business transactions with an agent, supplier, customer, or other counterparty in commercial interactions that is involved in unethical conduct. When the counterparty or partner in cooperation is found to have engaged in unethical conduct, the personnel shall immediately cease dealing with the counterparty and blacklist it for any further business interaction in order to effectively implement this Company's ethical management policy.

Article 20: Stipulation of terms of ethical management in contracts

Before entering into a contract with another party, this Company shall gain a thorough knowledge of the status of the other party's ethical management, and shall make observance of the ethical management policy of this Company part of the terms and conditions of the contract, stipulating at the least the following matters:

1. When a party to the contract becomes aware that any personnel has violated the terms and conditions pertaining to prohibition of acceptance of commissions, rebates, or other improper benefits, the party shall immediately notify the other party of the violator's identity, the manner in which the provision, promise, request, or acceptance was made, and the monetary amount or other improper benefit that was provided, promised, requested, or accepted. The party shall also provide the other party with pertinent evidence and cooperate fully with the investigation. If there has been resultant damage to either party, the party may claim from the other party 100 times of the contract price as damages, and may also deduct the full amount of the damages from the contract price payable.
2. Where a party is discovered to be engaged in unethical conduct in its commercial activities, the other party may terminate or rescind the contract unconditionally at any time.
3. Specific and reasonable payment terms, including the place and method of payment and the requirement for compliance with related tax laws and regulations.

Article 21: Handling of unethical conduct by personnel of the company

The Company encourages internal and external personnel to report dishonest or inappropriate behavior. A reward of no more than NT\$10,000 shall be given to the whistleblower based on the severity of the reported violations. If internal personnel falsely report violations or make malicious accusations, they shall receive disciplinary actions. In severe cases, the person may be dismissed.

The Company has established and announced an internal independent mailbox, hotline, or commissioned other external independent organizations on the Company website and internal website to provide whistle-blowing mailbox and hotline for the Company's internal and external personnel. A whistleblower shall at least furnish the following information:

1. The whistleblower's name and I.D. number, or the whistleblower may choose to be anonymous, and an address, telephone number and e-mail address where he/she can be reached.
2. The informed party's name or other information sufficient to distinguish its identifying features.
3. Specific facts available for investigation.

The Company's personnel handling whistle-blowing matters shall represent in writing they will keep the whistleblowers' identity and contents of information confidential. The Company also undertakes to protect the whistleblowers from improper treatment due to their whistle-blowing.

The Company's responsible unit shall handle the whistle-blowing cases according to the following procedures: The responsible unit of this Company shall observe the following procedure:

1. Reported violations that involve ordinary employees shall be reported to the department supervisor. Reported violations that involve directors or senior management shall be reported to the independent directors or supervisors.
2. The responsible unit of the Company and the department head or personnel being reported to in the preceding subparagraph shall immediately verify the facts and, where

necessary, with the assistance of the legal compliance or other related departments.

3. If a person being reported is confirmed to have indeed violated the applicable laws and regulations or the Company's policy and regulations of ethical management, the Company shall immediately require the violator to cease the conduct and shall make an appropriate disposition. When necessary, the Company will report the case to the competent authority, refer the case to the judicial authority, or institute legal proceedings and seek damages to safeguard its reputation and its rights and interests.
4. Documentation of case acceptance, investigation processes and investigation results shall be retained for five years and may be retained electronically. In the event of litigation in respect of the whistleblowing case before the retention period expires, the relevant information shall continue to be retained until the conclusion of the litigation.
5. If the reported violations have been verified, the Company's related units shall be instructed to discuss relevant internal control systems and operating procedures, and propose improvement measures to ensure that the same behavior is not repeated.
6. The Company's responsible unit shall report the violations, measures, and follow-up discussions and improvement measures to the Board of Directors.

Article 22: Actions upon event of unethical conduct by others towards this Company

If any personnel of this Company discovers that another party has engaged in unethical conduct towards this Company, and such unethical conduct involves alleged illegality, this Company shall report the relevant facts to the judicial and prosecutorial authorities; where a public service agency or public official is involved, this Company shall additionally notify the governmental anti-corruption agency.

Article 23: Internal awareness sessions and establishment of a system for rewards, penalties, and complaints, and related disciplinary measures

The responsible unit of this Company shall organize 1 awareness session each year and arrange for the chairperson, general manager, or senior management to communicate the importance of ethics to its directors, employees, and mandataries.

This Company shall link ethical management to employee performance evaluations and human resources policy, and establish clear and effective systems for rewards, penalties, and complaints.

If any personnel of this Company seriously violates ethical conduct, this Company shall dismiss the personnel from his or her position or terminate his or her employment in accordance with applicable laws and regulations or the personnel policy and procedures of this Company.

This Company shall disclose on its intranet information the name and title of the violator, the date and details of the violation, and the actions taken in response.

Chapter 3 Supplementary Provisions

Article 24: Enforcement

These Procedures and Guidelines, and any amendments hereto, shall be implemented after adoption by resolution of the board of directors, and shall be delivered to each supervisor and reported to the shareholders meeting.

When these Procedures and Guidelines are submitted to the board of directors for discussion, each independent director's opinions shall be taken into full consideration, and their objections and reservations expressed shall be recorded in the minutes of the board of directors meeting. An independent director that is unable to attend a board meeting in

person to express objection or reservation shall provide a written opinion before the board meeting unless there is a legitimate reason to do otherwise, and the opinion shall be recorded in the minutes of the board of directors meeting.

8. Any Events in the Most Recent Fiscal Year up to the Publication of this Annual Report that Had Significant Impacts on Shareholders' Right or Security Prices as Stated in Item 3 Paragraph 2 of Article 36 of Securities and Exchange Law of Taiwan: None.

San Neng Group Holdings Co., LTD.

Chairperson: Chang, Jui-Jung